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JPRS-WER-87-046

27 MAY 1987

# West Europe Report

SPECIAL NOTICE INSIDE

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27 MAY 1987

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## POLL INDICATES VOTERS PREFER RIGHT WING GOVERNMENTS

Lisbon EXPRESSO in Portuguese 21 Mar 87 p 3

[Article by Jose Antonio Saraiva: "The Best Prime Ministers"]

[Text] The survey published 8 days ago on the popularity of the prime ministers, while not exactly providing surprising results, allows some strange conclusions:

The first thing to be noted is that although the left is in the majority in Portugal, the rights shows clearer superior governing results.

Actually, although the three best placed chiefs of government of the right collected 63 percent of the votes of those interviewed, the three prime ministers of the left in a similar situation did not exceed 34 percent.

The second thing to be noted is that the PSD [Social Democratic Party] beats the remaining political forces by far.

In fact, while Socialist-Democratic leaders Sa Carneiro and Cavaco Silva are chosen by 62 percent of those polled as the best prime ministers since 1974, the leader of the PS [Socialist Party], Mario Soares, only obtained 15 percent and the chiefs of government located to the left of the Socialist Party, Lourdes Pintasilgo and Vasco Goncalves, together did not obtain more than 19 percent.

The result is too clear to allow two interpretations.

It is said that both Sa Carneiro and Cavaco Silva benefitted from external conditions that were especially favorable, unlike what happened to Mario Soares.

It is true.

But would someone on the left be completely satisfied and happy with this explanation?

Could the favorable images of Sa Carneiro and Cavaco be only the consequences of external conditions?

Or could they also have to do with a certain style of governing common to both?

Remember, Francisco Sa Carneiro won the 1979 elections, putting an end to the Socialist majority in Parliament.

Also recall that Anibal Cavaco Silva won the 1985 elections, interrupting the "second cycle" of governments headed by the PS.

Joining one fact and the other, we are led to thinking that the high percentages obtained by these two prime ministers means that the country prefers the "muscle style" of Sa Carneiro and Cavaco to the "contemporizing style" that is characteristic of the Mario Soares governments.

The poll that we have been dealing with allows one last and perturbing conclusion.

It is this: The Portuguese, after 25 April have had governments they did not like for a much longer time than government they do like.

The arithmetic is easy to do.

25 April took place 13 years ago.

During 11 of those 13 years Portugal was governed by prime ministers who only obtained 38 percent of the votes of those polled.

The two chiefs of government who collected the remaining 62 percent, belonged to Executive Branches that together total only 2 years in power.

8908

CSO: 3542/78

## SOCIALIST PARTY LEADERS CALLED INCOMPETENT

Lisbon SEMANARIO in Portuguese 4 Apr 87 p 10

[Article by Jose Pacheco Pereira: "The PS and the Peter Principle"]

[Text] Rarely has the Peter Principle had such a complete demonstration as with the present leadership of the PS [Socialist Party]. Having arrived at their level of incompetence they are happily about to destroy the second largest Portuguese party.

This situation should concern all of us, the socialists and those who oppose the PS, because its most ominous results would be the imbalance of the political system, the absence of an alternation in government and, in time, a trend in which disharmony would not encounter a balanced response in the government-opposition party mechanism. It is important for that reason to learn how this came about.

The present leaders of the PS consider themselves the aristocrats of politics. Unlike the old socialist leadership, they are typical examples of the intelligentsia generated by the student movement of the beginning of the 60's, who followed careers in the state technocracy, the universities or in law, and who have higher professional, technical and academic qualifications. Because of that, they are convinced that their actions are much more sophisticated than those of their predecessors of the PS and their opponents of the PSD [Social Democratic Party]. They look down from the heights on their own party; they despite the "barefoot" rank and file and the "Soarist" intermediate members, and they consider the leaders of the PSD "Paleolithic."

However, charm, technical reports, the clever articles filled with solutions for everything, are not enough. Other things are necessary, among which political courage and that subtle air that persons such as Mario Soares have, and which it is well-known the present PS leadership does not have, loom large.

It is obvious that the leadership of Constancio received a party in a very poor condition: It was old in its structures, without youth, bereft of ideas and personnel and completely dominated by a previous politicking life style. Exactly because the PS crisis was structural and not circumstantial



it was possible for a group of persons to rise to the leadership of the party whose leanings were much closer to those of the 18 percent who voted for the PRD [Democratic Party Renewal] than to those of the 20 percent who remained loyal to the PS; to those of the voters for Soares of the second round than to those of the first.

It is not surprising, therefore, that all its energies, beginning with the Convention of the Democratic Left, were directed toward "recovering" the PRD and the sectors hostile to "Soarism." The PS explicitly abandoned the road of the MASP, left the center and the center-left to the PSD, withdrew from Mario Soares, and withdrew to the land of its own ideological ashes.

The groups to which it drew closer could be filled with the "left" but they were devoid of ideas and the will to change, precisely because their resistance to "Soarism" emanated from the conservatism and archaism of their identity of the left. Beyond that, there was another thing they did not have: votes. It is for that reason that I always thought, unlike the majority of commentators, that the Convention of the Democratic Left was a symptom of the crisis of the PS and not of its recovery. There, the PS lost the chance, in the aftermath of the presidential victory, to begin a real process of change; changing the program, the bylaws and, if necessary, the name; making another party for a new society, reaffirming with those changes the continuity of its place in Portuguese society and life.

That is how we arrived at the present situation. An impractical, arrogant leadership on its intellectual pedestal, convinced that it knows a great deal about everything and, filled with urbane sceptics and minor Machiavellis, provides the country with a spectacle of total political incompetence.

Caught in the foreseeable traps of the PRD, saying things every day that are different than those of the day before, it compromises the honor and credibility of the PS and drags it toward dubious political territory. The irony of fate is that it will be Mario Soares who once more will be the savior of that which can be saved in the PS, checking its impulses to fall, in the name of the desire for power and fear of elections, into a form of complete political illegitimacy such as a PS-PRD government would be.

8908

CSO: 3542/78

## POLL RESULTS SHOW AMBIVALENCE IN SATISFACTION LEVELS

Madrid CAMBIO 16 in Spanish 27 Apr 87 pp 18-26

[Excerpts] Most Spaniards express discontent with the government's effort; however, they are satisfied with the life they are leading, and far more optimistic about the one they will be leading within a year. These are the most prominent data from a poll taken by the DYM Institute in March for CAMBIO 16.

The rulers and monetary authorities are holding their heads: domestic consumption has increased inordinately, doubling that in the European economies. This is one of the main problems facing the Spanish economy at present, because domestic production is insufficient to meet such a demand.

While the government is confronted with a national crisis, with a rising wave of strikes and demonstrations since the start of the democratic restoration, the citizens are showing their usual hedonistic tendency toward living as well as possible. The shop, restaurant, discotheque, hotel, and car sales businesses, and consumption of videos, television, etc., have grown considerably in recent months.

Some examples: car imports have doubled, electronic product sales have risen 50 percent, and spending in large department stores increased 20 percent last year, as of January 1987.

All this is making Spaniards happier, or enabling them to bear their problems better; but, in fact, the authorities fear that such joy, a result of the excessive rise in consumption, may endanger their macroeconomic inflation figure. Representatives of the Ministry of Economy have already admitted that it would be difficult to end the year with 5 percent inflation.

Perhaps for this reason, the government's prime minister, Felipe Gonzalez, has assured every visitor sitting on the sofa in his Moncloa office (or in the Hall of Columns) that, starting now, the crisis will abate.

In any event, Gonzalez is paying the price shown in the latest polls, reflecting Spaniards' most unfavorable view of the government since 2 and a half years ago. It is, moreover, the first time that the acceptance figure has dropped under 20 percent since 1984, according to the monthly index to be published hereafter by CAMBIO 16, prepared by the DYM company.

The same poll shows that 39.9 percent of those queried are indifferent toward the government; in other words, they "ignore" it; and not just now, but over the past 2 years. This happens to be one of the data usually least publicized.

Of the 2,000 persons polled, 18.7 percent consider the government's effort "very successful" or "rather successful," while 31.7 percent regard it as "rather unsuccessful" or "not at all successful."

Despite everything, 61 percent of the citizens voice "satisfaction" and expect that, in the future, they will fare at least "the same as now" (47.2 percent) or "better" (38 percent).

Gonzalez claims to understand little of this and to feel misunderstood, because the government is expending efforts. The macroeconomic adjustment policy has proven incapable of curbing structural deficits, and a confrontation has ended up erupting between the government and the society.

The government's counteroffensive has concentrated on the electoral realm. The messages disseminated by the prime minister, and by the spokesman-minister, Javier Solana, have been aimed at easing the situation and jolting Communists.

The government knows from its polls that political erosion is being caused by the left, capitalized on by the Communists and by Adolfo Suarez' CDS [Social Democratic Center Party]. The latter certainly had no trepidation about declaring his understanding and affinity with Nicolas Redondo. The "red duke" is ready for anything, provided it strikes out at Gonzalez.

Since his confinement at Moncloa, the Socialist leader has had little sleep, pondering how to neutralize his "family" comrade, Nicolas Redondo. At the time of the greatest harassment from the Communists, the UGT [General Union of Workers] secretary general did not aid Gonzalez. On the contrary, he overtly opposed the government's policy.

While Gonzalez' uneasiness lies with the left and within his party, his ease appears to come from the right, which he has no ostensible reason to fear.

Hence, Redondo smiled on Monday morning, 13 April, upon reading in the press that, in Gonzalez' opinion, the disunity of the left was putting the government in danger of going into the hands of the right.

Based on the poll taken for this magazine, Felipe Gonzalez is still the political leader with the highest degree of sympathy among the people: 5.73 percent. He is the only leader exceeding the average assessment of outstanding. Adolfo Suarez is close, with 4.93 percent; and AP [Popular Alliance] leader Antonio Hernandez Mancha attains 3.92 percent, below the duke's average.

Although those who currently wouldn't vote, don't know, or don't answer number almost 50 percent, the voting intention for general elections gives PSOE 28 percent, followed by CDS, with 7.4 percent, and AP, dropping to 6.8 percent. This confirms the Suarists' upward trend, and the decline of Socialists and conservatives, as references for an analysis putting a minorities scheme on the political horizon.

More than six out of every 10 persons interviewed in the aforementioned poll claim to be satisfied with the type of life they are leading are present; a proportion that is somewhat higher among the youngest group, having transcended, in quality, the image of a youth devastated by the lack of expectations for the future.

When Spaniards are queried about their future for the coming year, one discovers an excessive optimism disproportionate to the current crisis situation, reflected in the street protests and strikes that have paralyzed the country.

For the present, to overcome the critical point in an adverse situation, some chose to go on vacation during Holy Week of this year, which is the traditional forerunner to summer.

Only 20 percent of those interviewed had considered taking a few days of vacation, in addition to the Holy Week celebrations. Between strikes and unemployment, those who could did so.

The government and the politicians as a whole have not ceased for a moment to devote themselves to planning their electoral policy, in preparation for the local and European elections in June. But, at this point, as they continue showing the spectacle reflected by the polls, the indifference could cause something unexpected in Spanish society: it might operate dissociated from the "papa" state.

#### Technical Record

Universe: Spaniards between ages 16 and 65, residing in towns with over 5,000 inhabitants. Sample: 2,000 interviews, held in the home. Field work: March 1987. Implementation: DYM Institute, exclusively for CAMBIO 16.

[Box, p 21]

Are you satisfied or dissatisfied with the life you are leading? (in percent)

Satisfied: 61.6; neither satisfied nor dissatisfied: 26.6; dissatisfied: 11.3; don't know, no answer: 0.4.

Spaniards are having a great spree of consumption. Hence, it is not surprising that most of them voice satisfaction with the lives they are leading. For months, a considerable sector of the population has set forth to trade in cars or to purchase a car for the first time (more gasoline is being consumed), to move to a different house or neighborhood, or to replace all the electrical appliances in the kitchen.

The large department stores have sounded out consumers, and find their sales increasing daily, while the volume of products in stock is dwindling. In short, business firms are selling more, thus putting the economy in a situation propitious for fostering the creation of employment.

There is one dark cloud during this first quarter of 1987: not all purchases are of native products. The Spanish consumer has acquired a taste for foreign products which are cheaper and of good quality. Many native businessmen are holding their heads and predicting their bankruptcy.

The stock exchange is also aware of this investing impetus. Those putting their money there have accrued large profits within a few days. Despite the recent major work stoppages, it is anticipated that quotations will shoot up more intensively. From an economic standpoint we are experiencing what some experts describe as the "capitalist explosion."

Nevertheless, what is temporarily good for the citizen may not be for the economy as a whole. The international and national prospects could destroy the good omens of a few months ago. As ever, the citizen on the street will be the last to learn about and suffer the consequences, in all their magnitude. In Spain, the first alarms have already started sounding: the state will have to curb its voracious desires, or the deficit could drag the economy far away from a good path. Finally, it is possible that everything will be more expensive, from consumer products to bank credit.

Meanwhile, the Spaniard is diverting his spirit with more exhibitions; he has opportunities to read more books (although he still does so sluggishly); and, every day, a larger number of cities are decked out for celebration.

[Box, p 22] Future expectations (in percent)

In comparison with the present, within a year what will your personal situation be like?

Better: 38.0; same as now: 47.2; worse: 9.2; don't know, no answer: 5.7.

In April 1988, Spaniards will observe how the plans put into effect by the Public Works Ministry for housing, with an increase in supply and quality of construction, with government protection (there will be a total of 262,753 new dwellings), begin to show effects. And the same thing holds true of the Highway Plan, which is providing the axis routes having the heaviest traffic in the country with automobile highways. By April 1988, 138 bad spots will have been eliminated. On the other hand, the Spaniards who live in rented housing will continue to complain about the legacy of Miguel Boyer, particularly his decree lifting regulations on rentals, which has neither made them cheaper nor increased the supply of rental housing.

As for citizens' security, the recent events have given reason to believe that, finally, the Interior Ministry has taken the problem seriously, and will start attacking crime and drug trafficking intensively. All that is required to make this possible are the reforms to the Penal Code.

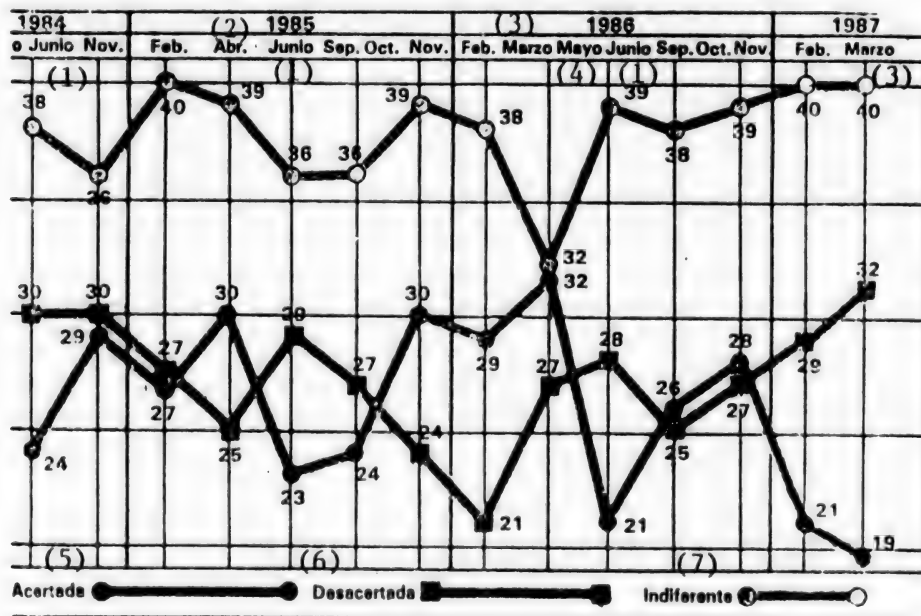
But, despite all the good news and the foreseeable economic progress in general, the citizens who have any penal-juridical lawsuits (or who are being divorced) will continue to have the same annoyance with the slowness and meagerness of



the judicial system. There will still be too few judges, the courts will be filled to the brim, and many officials will continue to extend their hands, expecting "cuts" (bribes) to speed up the procedures. Spaniards tried and convicted of having committed crimes will continue to be incarcerated in jails such as Carabanchel, the Model, Yeserias, or Ocana.

On the other hand, there will be satisfaction with the improvement in the educational system, particularly after the concessions made by the minister, Jose Maria Maravall, in response to the student mobilizations; although some may wonder whether he will be able to cope with them.

There will also be satisfaction with the improvements in public transportation, with more comfortable buses and faster trains, running on time. There is a possibility that Iberia, now without losses, may improve the quality of its services. There will be a slow expansion of the social protection for the unemployed, who will receive more training courses, collecting for this. And there will also be an increase in the number of unemployed receiving economic benefits.



Key to Chart 1:




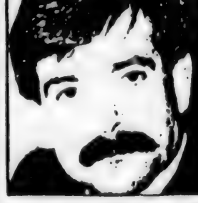

1. June
2. April
3. March
4. May
5. Successful
6. Unsuccessful
7. Indifferent



**1) Intención directa de voto (en %)**

PSOE	28,8	EE (6)	0,7
CDS	7,4	HB (7)	0,6
AP	6,8	EA (8)	0,2
IU (2)	2,8	Otros (9)	1,5
PDP (3)	0,3	No votarian (10)	15,4
CiU (4)	3,0		
PNV (5)	1,3	NS/NC (11)	31,6

**(1) Valoración líderes políticos**

(2)		Parámetro de 0 a 100	(3) %	(4) %
	FELIPE GONZALEZ	5,7	74,9	25,1
	ADOLFO SUAREZ	4,9	65,2	34,8
	ANTONIO HERNANDEZ MANCHA	3,9	58,7	41,3
	GERARDO IGLESIAS	3,2	40,9	59,1
	OSCAR ALZAGA	2,9	42,5	57,5

(1)  
(3) ACTUACION DEL GOBIERNO

	TOTAL NAC. (2)	(4) EDAD (6)		(7) SEXO		(11)		(12)	
		16-30 años	31-45 años	Más de 46 años	Hombre (8)	Mujer (9)	Este	Levante	
(17) Acertada	19	16	21	20	20	17	19	22	
Ni acertada ni (18) desacertada	40	44	38	38	37	43	37	48	
Desacertada (19)	32	32	34	29	35	28	36	25	
No sabe, no contesta (20)	9	8	7	13	8	12	8	5	

(1) SATISFACCION PERSONAL Y EXPECTATIVA

(2)	TOTAL NAC.	(3) EDAD		(6) Más de 46 años		(7) SEXO		(11)		(12)	
		16-30 años	31-45 años	Más de 46 años	Hombre (8)	Mujer (9)	Este	Levante			
Satisfecho (18)	52	67	63	55	59	64	57	66			
Ni satisfecho ni insatisfecho (19)	27	24	26	30	27	26	30	26			
Insatisfecho (20)	12	9	10	15	13	10	13	7			
(21) EXPECTATIVA PROXIMA											
Mejor (22)	38	55	36	22	41	35	38	43			
Igual que ahora	47	38	49	56	43	51	47	45			
Peor (24)	9	5	9	14	11	8	11	9			

Note: La diferencia al ciento por ciento de cada pregunta corresponde al no sabe, no contesta.

(25)

(10)

ZONAS GEOGRAFICAS (16)					
(14) Centro		(15) Norte Oeste		(16) Norte Centro	
Sur		Centro		Madrid	
24		16		13	
53		39		46	
19		39		36	
5		6		5	
				15	
				18	
				13	

FUTURO (EN %)

(10) ZONA GEOGRAFICA (16)					
(14) Centro		(15) Norte Oeste		(16) Norte Centro	
Sur		Centro		Madrid	
70		74		68	
21		33		22	
8		12		9	
				12	
				17	
				11	
37		33		40	
51		50		44	
10		10		11	
				7	
				10	
				5	

Key to Chart 2:

- |   |                           |
|---|---------------------------|
| 1. Direct voting intention (in percent) | 6. Basque Left            |
| 2. United Left                          | 7. Popular Unity          |
| 3. Popular Democratic Party             | 8. Patriotic Left         |
| 4. Convergence and Unity                | 9. Others                 |
| 5. Basque Nationalist Party             | 10. Wouldn't vote         |
|   | 11. Don't know, no answer |

Key to Chart 3:

1. Assessment of political leaders
2. Points (from 0 to 10)
3. Approve (%)
4. Fail (%)

Key to Chart 4:

- |  |  |
|--|--|
| 1. Government's performance (in percent) | 11. East                                   |
| 2. National total                        | 12. Levant                                 |
| 3. Age                                   | 13. South                                  |
| 4. 16-30 years                           | 14. Central                                |
| 5. 31-45 years                           | 15. Northwest                              |
| 6. Over 46 years                         | 16. North-central                          |
| 7. Sex                                   | 17. Successful                             |
| 8. Male                                  | 18. Neither successful nor<br>unsuccessful |
| 9. Female                                | 19. Unsuccessful                           |
| 10. Geographical zones                   | 20. Don't know, no answer                  |

Key to Chart 5:

- |   |  |
|---|--|
| 1. Personal satisfaction and future expectations (in percent) |  |
| 2. National total   | 15. Northwest  |
| 3. Age  | 16. North-central  |
| 4. 16-30 years  | 17. Personal satisfaction  |
| 5. 31-45 years  | 18. Satisfied  |
| 6. Over 46 years  | 19. Neither satisfied nor dissatisfied   |
| 7. Sex  | 20. Dissatisfied   |
| 8. Male   | 21. Expectations for next year   |
| 9. Female   | 22. Better   |
| 10. Geographical zones  | 23. Same as now  |
| 11. East  | 24. Worse  |
| 12. Levant  | 25. Note: The percentage difference<br>for each question relates to<br>"don't know, no answer" |
| 13. South   |  |
| 14. Central   |  |

2909

CSO: 3548/73

## NO CHANGES EXPECTED IN JUNE ELECTIONS

Madrid CAMBIO 16 in Spanish 13 Apr 87 p 25

[Text] Adolfo Suarez is the only politician who hopes to substantially improve his party's standing in the municipal and autonomous elections on 10 June. The others would be very happy to stay just as they are.

If there were some democratic mechanism that would allow the current composition of the municipal and autonomous governments to be extended for 4 more years, the majority of Spain's parties would support it without a murmur.

In the present circumstances, there are so many political parties that are just hoping to hang on to what they already have, that the 10 June election seems to be for almost all of them--from AP [Popular Alliance] to IU [United Left]--more of a threat of losing positions than a hope of making qualitative gains in the political map.

These are the facts: the PSOE [Spanish Socialist Workers Party] is happy because it controls "almost all" of the autonomous, provincial and local governments with such a comfortable margin that it might be prepared to give up the "almost" in order to continue with the "all" in the same conditions it now enjoys.

That isn't true of Popular Alliance. The way things look now, the conservative leaders would be ecstatic if on 11 June they found they still had 25 percent of the votes for their European slate, their two regional governments that are in contention, and the seven provincial capitals where they are now in control. With those results they would continue to be the leading opposition party--their primary objective--and would avoid an internal explosion.

The PDP [People's Democratic Party] and PL [Liberal Party] cases are even more dramatic. It is almost a dream for the Christian Democrats to keep their present 700 municipal seats and 60 autonomous deputies. Repeating those figures without the aid of AP would mean they would have to win about 1 million votes in the elections. In other words, they would be a party in

a strong position and would not have to shut up shop. Something very similar is happening in the PL, which is seeing how its 19 autonomous seats, and the party itself, might disappear on the night of 10 June.

Finally, the coalition of the left, United Left, would be delighted if it could hold on to its absolute majority in the municipal government of Cordoba and if it could continue to govern, in a coalition, the destiny of the city of Madrid.

In this offensive that is designed not to lose, rather than to gain, there is only one national party that stands apart from the rest: the CDS. Only Adolfo Suarez can not be content with what he now has, eight autonomous deputies and a few hundred council seats. He needs to shake up the general complacency, by taking away votes from all the other parties. From those on the right, from parties in the center, and from those on the left.

The political consequences of the upcoming elections will have a great deal to do with which of these three political sectors [i.e., the right, center, or left] is most hurt by the entry of the CDS. For example, once again, not a few of the centrist leaders--from the PDP, the PL, or the CIU--are relying more on their own votes rather than on those that Suarez may take away from the right in order to topple AP from its predominant spot in the opposition. In their view, this would be a new opportunity to reorient the axis of the opposition, moving it away from the right toward a center in which the centrists' only recourse would be to learn to get along with each other. In other words, a new version of the Sisyphus complex that seems to afflict the Spanish political center-right, as if it were the Greek mythological personage forever doomed to climb a mountain carrying rocks on his back.

Here the June elections offer two quite distinct aspects: the European elections on one side, in which each party will find out exactly what backing it has in this nation, in a test that will be fairly similar to the general elections; and on the other side, the autonomous and municipal elections, in which very complex and even personal factors come into play.

In the autonomous and municipal elections, political leaders in principle see four points--two autonomous elections and two municipal elections--that are of particular interest: the autonomous governments of Castilla y Leon and the Canaries, and the municipal elections of Madrid and Seville.

In Castilla y Leon quite a number of things are involved. The latest poll, conducted on behalf of the autonomous socialist government, indicates that the PSOE, led by Juan Jose Laborda, will continue without winning an absolute majority: 39.3 percent of the votes; Popular Alliance will slip somewhat, down to 31.1 percent; the CDS will have a spectacular gain, up to 21.6; and the PDP, despite the presence of Martin Villa, will not move away from the level of 1.2 percent.

With the situation like this, post-election developments will certainly contain a high dose of suspense. Will the Socialist Party govern as a minority? With whom will the CDS reach an agreement, with the PSOE or with AP? Even if in some areas there doesn't seem to be much uncertainty, the following words of Jose Ramon Caso, secretary general of the CDS, may still add a bit more emotion to the post-election developments. Caso said: "We do not rule out any type of post-election pact with any political group. In each specific case, the best thing will be done in order to ensure the governability of the institutions involved."

7679

CSO: 3548/68



## ORGANIZATIONAL CHANGES IN BASQUE NATIONALIST PARTY

Madrid CAMBIO 16 in Spanish 13 Apr 87 p 45

[Article by Gorka Landaburu]

[Text] "Nationalism for the year 2000" is the slogan of the upcoming PNV [Basque Nationalist Party] congress, at which the Basque nationalists want to bring their latest crisis to an end. This is the most important crisis they have faced since their party was founded. It has led to Garaikoetxea's break from the party, and the loss of the PNV's political hegemony in Euskadi.

At the end of last January, after its electoral setbacks in the autonomous elections in which the PNV lost 14 of the 32 seats it held in the Basque chamber, Xabier Arzallus sent a letter to all the party members, inviting them to take part in the PNV's new process of renovation.

The Basque Nationalist Party has been criticized for not having held any congresses at all since 1977, when the party met in a special assembly upon emerging from underground. Nonetheless, the nationalists dismiss this charge, claiming that the PNV is an atypical party and that it doesn't need to hold congresses, as its internal functioning is conducted by assemblies.

But this organizational chart is going to undergo some changes, with a new special assembly to be held in San Sebastian on 26, 27, and 28 June. The party's confederal-style organization will be maintained, with the representation of the five historic territories: Vizcaya, Alava, Guipuzcoa, Navarra, and the French Basque territory. The party's national assembly, which will bring together the representatives of these five territories, will continue to exercise control in the PNV. It will be this assembly, and not the various provincial leaderships, which will elect the party executive (Euskadi Buru Batzar) and its president. Another change will be that party congresses will be held every 4 years.

The PNV does not want to see itself taken over in the year 2000 by Carlos Garaikoetxea, who with his more radical line is trying to attract a large part of the PNV's electorate to Eusko Alkartasuna. In its special assembly in

San Sebastian, the party led by Xabier Arzallus will call for the right to self-determination, as well as its integration within the framework of the Europe of peoples. As in 1978, the PNV today would not vote for the constitution.

## RADICAL FACTION IN CATALAN INDEPENDENCE MOVEMENT

Madrid CAMBIO 16 in Spanish 13 Apr 87 p 85

[Text] In recent years the Catalan radical independence movement has been torn by divisions and splits caused by internal dissension among the diverse groups making up the movement. While some describe themselves as political organizations, others, such as Terra Lliure, consider themselves an armed group.

The PSAN [National Liberation Party] and the IPC [Catalan Region Pro-Independence Movement] are two of the groups considering themselves political organizations. The PSAN was founded in 1968, and supports national liberation within the context of a Marxist ideology; the IPC appeared in 1979 after its break from the PSAN. In some way it has incorporated a theory of armed struggle as part of its platform.

Both the PSAN and the IPC have supported, with differing postures, the MDT [Defense of the Land Movement]. This is a platform which appeared in 1984; it has brought together young activists located primarily in Catalonia and in the Valencia region. Also supported by both the PSAN and the IPC, in 1979 the CSPC [Catalan Patriots Solidarity Committees] were founded to support pro-independence prisoners.

Last December [1986] a division occurred within the MDT during the second national assembly of the Movement, because of differences between the PSAN and the IPC. The IPC group later asked that the MDT be recognized as having an independent legal status, which was granted a few days ago. The PSAN disagreed with this, and also claims the right to the use of those initials.

Within the Catalan pro-independence movement there is also the AEIU [Assembly of Pro-Independence University Students], which has played an important role in the latest student mobilizations.

Terra Lliure is the pro-independence organization which defends and carries on an armed conflict. It appeared in 1980 when the Catalan Peoples Army disappeared; this group had called for the attack on Jose Maria Bulto, along with other similar actions.

At the present time Terra Lliure, which is believed to have few members, has carried out a series of attacks, which so far have not had any victims. One of the causes of the division between the Catalan pro-independence groups is their disagreement about whether armed struggle should be supported--that is, Terra Lliure--or if other courses should be chosen.

The proposals, points of view and controversies of the various radical pro-independence groups and trends may be followed in the open forums contained in the weekly review, EL LLAMP.

7679

CSO: 3548/68

## IMPROVEMENT SEEN IN INDEPENDENCE MOVEMENTS' FUTURE

Madrid CAMBIO 16 in Spanish 13 Apr 87 p 86

[Article by Ramon Barnils]

[Text] If Catalonia is a nation, then it should have independence. It has taken 10 years without a dictatorship--or 10 years have been sufficient--for this truism to emerge from the subconscious and once again lodge in the conscious minds of many Catalans: tranquil independence advocates.

Nietzsche said that anyone who spends 40 years--he did say 40--fighting against a dragon ends up by becoming a dragon himself. Some of the habits of the Franco regime were adopted by the opposition, and now that the dictator has disappeared from the scene, some Catalan politicians have spent 10 years getting rid of these habits, by wearing them out. One Catalan party did this by voluntarily subjecting itself to a Spanish party. Another did so by attempting to govern Spain: following the lead of the Spanish parties, which try to govern Catalonia. Some of the intelligentsia reacted by emigrating to Madrid: envy and an attempt to emulate the very strange phenomenon of the Madrid movement. Following the line on matters such as bilingualism, the constitutional elimination of ties between Catalonia, the Valencia region and the Balearic Islands, and the status of being Spanish.

Now, 10 years later, the record of this voluntary submission by the PSC [Socialist Party of Catalonia] to the PSOE [Spanish Socialist Workers Party] is very negative in Spain, and negative in Catalonia. The "Roca operation," in which the little and modest bourgeoisie of Catalonia tried to govern in Madrid, has left things just as they were, and that bourgeoisie has rediscovered one basic truth: everyone in his own place, and God with everyone. The Catalan intelligentsia who emigrated to Madrid have turned out to be not as much of an intelligentsia as was expected, while those who stayed behind have begun to stand out in New York, Brussels, and Berlin, as their predecessors had done before the dictatorship, and even in the days of the 19th century Renaissance. Let's generously drop a thick veil over the outcome of the now rather discredited Madrid movement. Bilingualism remains just as it was before: Catalans in favor and Spanish against. As for the elimination of

ties between Catalonia, the Valencia region, and the Balearic Islands, that has been of greater benefit to the far right than to the Nietzschean anti-Franco groups.

After 10 years of ideological, economic, electoral and political upheavals, things seem to be stubbornly rooted just where they have been for centuries. Being Spanish costs Catalonia, not to mention the Valencia region and the Balearic Islands, 1 billion pesetas a year. With bilingualism, the language is receding. Culture is controlled and directed exclusively from Spain. The Spanish constitution, democratic and interpreted by the left, continues to be interpreted in favor of the most powerful. The Olympic Games in 1992, which according to the decision of the International Olympic Committee are to be held in the city of Barcelona, are being turned into a Year of Spain in 1992, after attempts to keep the Olympics out of the capital of Catalonia failed. The Spanish state has been admitted to Europe, where it presents the Spanish view as the sole reality, and in economic negotiations the Valencian, Balearic, and Catalan economies are ignored.

During the course of these 10 years three very positive aspects have arisen in relation to the expansion of society and the expansion of the concept of independence as the best course for achieving both individual and collective peace, prosperity and liberty. The first is that Spain has ceased to be the principal customer for the products, goods, and services that the Valencia region, the Balearic Islands, and Catalonia can offer. Secondly, the citizens of this nation coming from other places have decided, in an overwhelming majority, not to leave--that is, they have decided to stay here. This means that they have come to realize that when the Spanish government is handing out hard knocks, it doesn't distinguish between new citizens and old citizens. This means that the division of the vote according to the voter's more or less distant origin grows less distinct with each passing election. At each election the Spanish parties in Catalonia are less sure of the voters of Spanish origin.

The third and fundamental point: the Spanish army is not now what it was in the past. It has been severely weakened by the present minister of defense, Narcis Serra, who is a Catalan and a member of the PSOE, though he could never be described as being pro-Catalan. It is now controlled more and more by Brussels and less and less by Madrid. With the entry of "reason" in its military organizations, The Spanish "ultimate reason"--to oppose the Catalan nation's desires of liberty and equality with the other nations of the world--grows weaker.

In past eras of the history of Spain whenever attempts were made to establish democracy, social classes, individuals, and people began to liberate themselves, until, every time, military forces took over the job of herding the sheep back into the pen.

At this time, Spanish arms seem to be becoming less and less Spanish. So it does not seem too strange that the independence movement, which has always been latent, is now growing more tranquil, more self-confident, and that it is taking the time to work more effectively and bring about indepth changes.



## CARLSSON, OPPOSITION PARTY LEADERS STEP UP MUTUAL ATTACK

## Bildt Attacks Palme Case

Stockholm DAGENS NYHETER in Swedish 16 Mar 87 p 14

[Text] Skovde (TT)--"The speculations and uncertainty surrounding Sweden's arms exports are hurting confidence in our defense industry, export policy and our political control over these important questions.

"We have not been given clear answers by the government."

These statements were made by Conservative leader Carl Bildt who spoke in Skovde on Saturday to the Conservative municipal groups' national conference.

"Foreign trade ministers have come and gone. One got so tangled up in his own statements that it was hard to see how he could get out of the whole thing," said Bildt. "So far the other has not progressed any farther than saying that it is difficult to trace missiles.

"The defense minister has been much too quiet and the foreign minister has distinguished himself by staying in the background.

"Thus a picture is slowly emerging of a government that vacillates, hesitates and cannot provide clear answers," said Bildt.

Bildt also mentioned the investigation into the murder of Olof Palme.

## Murder

"We have been forced to witness our most important criminal investigation in modern history degenerate to the barnyard level, necessitating direct political intervention with spectacular defections, TV shows and stepped-up accusations as a consequence. In such a situation political leadership is required. But Ingvar Carlsson's government has come to appear with respect to many important issues as a government of indecision rather than one of clarity.



"The investigation into the murder of the prime minister concerns the legal system, legal safeguards and the legal rights of the individual. But during this entire period the highest political representative of this legal system—Justice Minister Sten Wickbom--has vacillated and groped in a way that has not been beneficial. He has created the image of a cabinet minister who does not know anything, cannot do anything and does not want to do anything."

Bildt also attacked the health care sector and especially the controversial private care area.

"The unnecessary deaths of people with heart disease are an important example, but certainly not the only one, of the Social Democrats' ideological block when it comes to these vital issues," Bildt said.

"This casting of aspersions on several cabinet ministers is strange with regard to the Bofors weapons affair. There are reasons to wait for the conclusions of the Constitutional Committee, but Carl Bildt is really riding on this wave of suspicion when he accuses the government of being indecisive."

Immigration Minister Georg Andersson addressed the annual meeting of the Goteborg branch of the Association of Christian Social Democrats in Goteborg on Saturday. He sharply criticized the opposition, especially Carl Bildt, for exploiting the turbulence surrounding the Bofors weapons affair to cast suspicion on the government.

#### Support

If those who are now criticizing the government want sharp limits on arms exports and restrictions on Bofors' freedom of movement, they can count on the support of this association," said Georg Andersson, who is also chairman of the association.

"But if they just want to harp on doubts about the Bofors weapons deal in the absence of other political issues, I think it is wrong. This is much too serious an issue to be utilized for partisan tactical purposes."

Georg Andersson also pointed out that it is a problem that Bofors is solely dependent on arms production and arms sales.

"Bofors should gradually switch over to civilian production," he said.

Prime Minister Ingvar Carlsson made this remark through his press secretary, Marita Ulvskog:

"I do not find anything Bildt has to say worth commenting on."

## Paper Comments on Charges

Stockholm DAGENS NYHETER in Swedish 17 Mar 87 p 2

[Editorial: "A Tactful Opposition"]

[Text] A government that is indecisive and hesitant and cannot provide clear answers--that is how Carl Bildt summarized his impressions Saturday of how the Bofors affair and the Palme investigation have been handled at the highest level. If we compare this with what was said by others it was a mild statement (although all the media maintained that Bildt "made a sharp attack"; with us, criticism is always an "attack"). The opposition is still being cautious about utilizing the big recent topics of discussion politically. There is great tactfulness, especially in the sensitive areas.

There is a good reason for this. Evidently leading circles in the political parties believe in the government's determination to get to the bottom of both the weapons affair and the murder investigation, so they might as well withhold judgment until they have seen the material. A certain feeling of shared responsibility in both instances could also have a restraining effect on hindsight. Carl Bildt will probably be able to answer for the things he said even after all the investigations have been completed.

However the future debate would benefit if the questions are kept separate. We are specifically directing this appeal to Lars Werner, who said in a speech on Sunday that the shift to the right in the seventies and eighties are the common factor underlying the murder of Olof Palme, the wrangling of police and prosecutors, police persecution of the Kurds, weapons smuggling, the death of Carl-Fredrik Algernon, speculation losses at city hall and a lot of other bad things. But other people besides Werner can succumb to the temptation to draw up political or conspiratorial connections behind events that do not have anything in common except that they occurred at approximately the same time.

Those who have made errors have a good chance of evading responsibility if a lot of different matters are woven into a single web. First we must investigate and analyze each matter separately. Conclusions of a more general nature can wait for a while.

Carlsson, Westerberg Duel

Stockholm SVENSKA DAGBLADET in Swedish 19 Mar 87 p 22

[Commentary by Mats Svegfors: "A Prime Minister Gets the Worst of Things"]

[Text] Eskilstuna--After a year as prime minister, Ingvar Carlsson had his first real test as a party politician. He had to deal with the successful leader of the Liberal Party. He had to break the Westerberg wave. Ingvar Carlsson had to utilize his prestige as leader of the country to win support for his party. He was supposed to give the Social Democratic Party a hint of victory before the next election.

The 200 Social Democrats who had obtained tickets to the debate arrived full of enthusiasm and sympathy for their party leader. They departed with the sympathy intact.

But the enthusiasm dwindled away to an extraordinary extent during the duel between Bengt Westerberg and Ingvar Carlsson which lasted barely an hour.

The night that Olof Palme was murdered, Ingvar Carlsson stepped forth as the obvious and authoritative leader. Swedes have generally become accustomed to seeing him as their prime minister, not as a party leader.

But then he was forced to fight a partisan duel with Bengt Westerberg.

Those of us who were present at the Oasis, the name of the place where the debate was held, could see how the prime minister turned into the party leader and lost his composure. When he had to make his first remark he twisted his hands nervously.

Ingvar Carlsson was facing a Bengt Westerberg who has lost all his beginner's nervousness, who displays a professionalism in the party leader role and who is unsurpassed by any of the other party leaders.

But Westerberg had more than professionalism and well-rehearsed remarks to offer the audience and TV viewers. He asked Ingvar Carlsson about the gynecologist in Strangnas and why the Social Democrats wanted to prevent him from helping patients in Strangnas. He asked Ingvar Carlsson why Eskilstuna companies operating at a loss should have to pay a profits tax to wage-earner funds.

This was certainly a good debate tactic on Westerberg's part. But it was more than that. These were questions about a Social Democratic policy that not even the popular Social Democratic prime minister could defend in a way that aroused sympathy or understanding among his own people in the debate audience.

The two debaters made a joint effort in conducting the debate. Bengt Westerberg won. And Ingvar Carlsson lost.

But what about the substance? A debate on a wintry March evening in a state-owned hotel in the working-class city of Eskilstuna, what did it mean?

More than most people think. It was a somewhat worried Liberal Party that summed up the experiences in the big debate round Monday, so worried that DAGENS NYHETER recommended a tough line and confrontation prior to the televised debate between Westerberg and Carlsson.

The agreement between the Social Democrats and the Liberals with respect to defense and South Africa have blurred the role concepts of many Liberals. Not everyone really knew whether the idea was to be for the Social Democrats or against them. And Bengt Westerberg's stubborn defense of the tax burden

and the general welfare policy had also raised questions about whether the party is opposed to Social Democratic policy at all.

After last night's debate neither active Liberals nor potential voters remain in any doubt about where the Liberal Party stands. With demonstrative clarity Westerberg rejected any form of major cooperation with the Social Democrats. The Liberal Party wants to build a Sweden that is different from the Social Democratic concept.

This is an extremely promising beginning to the political discussions that will be increasingly aimed at the 1988 election.

This does not necessarily mean that there will be a truce in the nonsocialist bloc. But the internal nonsocialist discussions can deal with how this other Sweden should look, not whether it is on the nonsocialist agenda at all.

#### Welfare State at Issue

Stockholm DAGENS NYHETER in Swedish 20 Mar 87 p 2

[Editorial: "Carlsson-Westerberg"]

[Text] Ingvar Carlsson and Bengt Westerberg could turn out to be the major figures in Swedish politics before and after the turn of the century. For this reason the first big debate meeting between them is of unusual interest.

No one can say today what roles the two will play when they meet in the future. Carlsson could still be prime minister and Westerberg could be the leading opposition figure. But as early as a year from now the roles could be reversed.

Sweden could also come under pressure--in the economic sector or a threat to our security--that requires more sharing of responsibility than is needed today. In a democracy like Sweden party leaders are not just competitors and opponents. They are at the same time potential colleagues in a coalition government, if the country's situation calls for one some day. And even without that things can happen and problems arise that call for trusting cooperation.

In this long-range perspective it is good for Sweden that Carlsson and Westerberg can engage in a clear, straightforward and at times tough debate without being personally offensive.

In a democracy it is important not only who works together but also who represents the alternative. A Social Democracy under Ingvar Carlsson and a social liberalism represented by Bengt Westerberg are two alternatives that should enable the Swedish people to sleep soundly at night. Both men have the competence that is required of a prime minister. Neither of the

ideological positions presented for the critical scrutiny of the other side would lead Sweden into hazardous undertakings.

Actually the duel in Eskilstuna showed how the substantial experience of both Carlsson and Westerberg has limited the scope of the differences between them.

When Ingvar Carlsson describes the Social Democrats' future tasks he is not talking about socialism in the sense of going over to a planned economy, and that is not what he is thinking about either. In its practical experience and in its concrete actions in the government the party has found that it cannot do without the market economy as a system for producing resources for Sweden's prosperity without the need for a controlling bureaucracy.

When Bengt Westerberg describes the liberal alternative it is not a matter of dismantling the welfare state. The results of two elections and his own analysis of the issues have strengthened the view that Sweden should retain and develop a general social security system.

This does not mean that the differences don't matter. Sweden has gone too far in monopolizing services. Monopolies that are controlled by funding and regulations can easily become too insensitive to the changing needs and desires of individuals. This is as true of the institutional care-providing giants as it is of taxis. Faced with monopolies it is all too often the customer who feels that he must stand with his cap in his hand. The creative abilities of employees are often poorly utilized. And those who do not feel good about their jobs and their employers have no alternative to turn to.

It would be a major and important change for Sweden if individuals were allowed to make more decisions for themselves about how they want to use their insurance money and if alternative services were welcomed instead of being restricted or prohibited.

The duel showed that the Social Democrats have a hard time rejecting the Liberal Party's reform position but that they do not really want to associate themselves with it either. It is harder to get a grip on the Liberal Party with respect to social safeguards in 1988 than it was to do so with the Conservatives in the 1985 election. Just as quite a few Conservative sympathizers felt that by voting for the Liberal Party in the 1985 election they would get freedom with social responsibility, a good many Social Democrats feel that by voting for Westerberg they will be supporting social welfare along with freedom of choice.

Ingvar Carlsson's great strength as he heads for 1988 is that the Social Democrats have assumed tangible and successful responsibility for Sweden in the face of difficult problems. Voters rightly judge politicians and parties not only by what they say they will do, but by what they have done in practice as well. Ingvar Carlsson has a personal genuineness that corresponds well to this picture of Swedish Social Democracy.



The opposition's problem is not its ideological alignment. It is giving credibility to the idea that three nonsocialist parties can form a government that is capable of taking action. Bengt Westerberg avoided this question in Eskilstuna. He will not be able to do that in the next duel with Ingvar Carlsson as we get closer to the 1988 election.

#### Center Party Leader Comments

Stockholm DAGENS NYHETER in Swedish 22 Mar 87 p 12

[Article by Magdalena Ribbing: "Olof Johansson Honored"]

[Text] Pay more attention to the content of policies than to their forms, Center leader Olof Johansson urged his party friends at the annual meeting of the Stockholm branch of the Center Party on Saturday.

The county government building's assembly hall was draped with green and the front of the speaker's platform had a big green four-leaf clover on it, for this was Olof Johansson's farewell performance for the Stockholm district branch whose chairman he has been in good times and bad. Now he was leaving the post which cannot be combined with that of party leader.

In the back of the room a number of small children in overalls crawled on the floor or ran around, here and there along the rows of seats busy knitting needled clicked and the whole thing was very unified and pleasant. The new party secretary, Ake Pettersson, was able to win approval for all the election committee's nominations for new executive committee members, with Guy Ehrling replacing Olof Johansson as chairman.

#### Understanding

When party chairman Johansson mounted the rostrum for the big speech of the day, the temperature rose several degrees. Stockholm County is a region in imbalance today, he said, with a lot more jobs than housing. He did not think it will be possible to make policies understandable if they are allowed to depend on form:

"Instead it is a question of the substance of people's everyday lives. It is no accident that many people in this region do not even know what the county government does.

"It is not until one creates understanding for what the political organs are accomplishing that one can create understanding for the policies themselves," Olof Johansson asserted. He sharply criticized environmental policies in Stockholm, especially the emphasis on a coal-fired power plant in Vartan. It will cost too much, cause too much damage. The Center Party is considering a continuation of the fight against it, he said with a degree of hopefulness:

"Signs of cracking can be seen in all the coal parties, but cracks are not enough. Perceptions must also be changed."



Natural gas should be emphasized, in Olof Johansson's view and he called for a clear political emphasis on natural gas in Malardalen. He repeated the demand for environmental taxes, both regional taxes and taxes on sulfur emissions in the country as a whole. No environmental destruction that costs society money should occur without cost to those responsible, he said.

Then the party leader's speech turned to decentralization. The figures for the population increase in Stockholm and the housing that is available speak for themselves, Olof Johansson said. From 1983 through 1986 the net population increase in the county rose from 6700 to 14,900 while the net increase in available housing units dropped from 8700 to 4900.

A rent ceiling is needed that will force state enterprises to seek space outside the center of the city and the state should make its land and office space available for housing purposes, in Olof Johansson's opinion.

"Make the most of personal initiative," the departing district chairman who has become leader of the party said in conclusion.

"We particularly need to upgrade care-giving operations. I fully support the proposal for research facilities in Stockholm and Kopparberg counties and shorter work hours without reduced pay for people working in the human care sector."

#### Carlsson Attacks Nonsocialists

Stockholm DAGENS NYHETER in Swedish 23 Mar 87 p 12

[Article by Kaa Eneberg]

[Text] Boden--"Step out now, Bengt Westerberg and Olof Johansson, and make it clear that government cooperation with the Conservatives will be impossible unless they change their position on South Africa. That would inspire respect in contrast to your present silence which I would not give 10 ore for."

So said Prime Minister Ingvar Carlsson in a speech at People's House in Boden on a wintry Saturday afternoon. The hour-long speech to a packed auditorium was probably Ingvar Carlsson's most heated criticism of the non-socialist opposition to date. All the party leaders got a real going-over but Olof Johansson of the Center Party got off fairly lightly.

Conservative leader Carl Bildt was sharply criticized because on South Africa--where he is opposed to the boycott recommended by people in all the other parties--he gives highflown lectures in the manner of an "assistant professor" on the so-called Uden doctrine, which is based on having boycott actions sanctioned by the United Nations.

"When the Conservatives attack the Social Democrats today they always single out Per Albin Hansson as a great statesman. But at the time the Conservatives often violently attacked both Per Albin Hansson and Osten

Unden. They should not be praising these men today! Don't they have any leaders of their own that deserve homage?" wondered Ingvar Carlsson and got a round of applause in response from his audience.

#### Divergent Views

Ingvar Carlsson, who is traveling around Norrland for 3 days on a cultural visit together with his wife Ingrid, a librarian, concentrated in his only speech during the trip on pointing out the divergent views on many important issues that are represented by the three nonsocialist parties.

The audience was solidly Social Democratic--the Norrbotten garrison town of Boden is red to the core--and the meeting gave a hint of the coming election campaign. The podium was decorated with the red flags of the local party organization and the public was greeted by party veterans playing spirited jazz tunes, although they switched over when the meeting was scheduled to start and played the movement's song, "Sons of Labor." The public stood up and joined in the song and true to form the meeting concluded in the middle of a busy Saturday afternoon with the "Internationale," sung in unison.

#### Dismantling

Ingvar Carlsson, dressed in a gray suit, seemed a little nervous when he stepped into the spotlight and thanked his Norrbotten party comrades for their indications that he was doing a "damned good job of handling the job of being party leader and prime minister as Olof Palme's successor."

True to form he also started out quietly by saying that the culture available in Norrland is in line with the Social Democratic view of equality and then quickly started on a polemic outburst against the nonsocialist party leaders.

Ingvar Carlsson referred to the debates in the past week between the Social Democrats and the Liberals which he said had shown that the goal of freedom of choice cannot, as the Liberals believe, be achieved through privatizing health care, long-term care and the school system. The debates had clearly shown that the Liberal Party would by no means safeguard social welfare together with the Social Democrats but would dismantle it together with the Conservatives.

#### Separate Rooms

Ingvar Carlsson said he had drawn an important conclusion from the week's debate round--that a unified nonsocialist government would represent a threat to health insurance and to the entire workers' supplementary pension system.

"Separate rooms in long-term care facilities, which was Liberal leader Bengt Westerberg's set issue in the last election campaign, and would cost 23 billion kronor to implement, cannot be combined with the Conservative pledge to reduce taxes by 50 billion kronor," said Ingvar Carlsson.

"Making separate rooms a reality will take time, but it goes along with a Social Democratic policy. That is a promise I can give. That kind of promise cannot be given by Bengt Westerberg, who wants to cooperate with the Conservatives."

Ingvar Carlsson stressed that the Social Democrats are by no means opposed to private initiative, as has been claimed, but they could never accept an alternative where money and the profits from private health care are placed above concern for the patients.

"We could never accept the Japanese system where a doctor's income depends on the prescriptions he writes or the American system where income depends on which operations are performed."

#### Keeping Quiet

Ingvar Carlsson reminded his audience of the fact that the Center Party and the Liberals criticized the Social Democrats in the past for wanting to wait for the United Nations resolution on sanctions against South Africa.

"But now they are keeping quiet and trying to gloss over the fact that the biggest nonsocialist party does not want any boycott at all."

The same kind of split is found on important issues like energy, where the three nonsocialist parties hold different views. The Conservatives do not want to phase out nuclear power, the Center Party wants to phase it out quickly and the Liberals want to abide by the referendum that called for eliminating nuclear power by the year 2010.

"Today the nonsocialists are more split on the energy issue than they were in the days of the nonsocialist government with its long sessions and chaos," Carlsson said.

He illustrated the split on the tax issue by describing the Center Party as willing to improve things for low-income groups, while the Liberal Party want to make things better for higher-paid salaried employees and the Conservatives want to improve conditions for those with really high incomes.

"The only thing that unites the nonsocialists is that they say they represent a nonsocialist policy. But it is not enough to simply be against something. They have to talk about what they are for too! They have to work out their own alternative!"

Ingvar Carlsson repeated his reference to foreign opinions that Sweden's economic policy has been successful. It has been possible to keep inflation in check and to maintain a low unemployment rate.

But in the vicinity of the threatened crisis in the ore fields and the steel industry he pointed out that the government must do everything in its power to recreate the jobs that are disappearing "now that the mines and the steel industry are faltering."

## Nonsocialists' Split Aiding Carlsson

Stockholm DAGENS NYHETER in Swedish 24 Mar 87 p 2

[Commentary by Hans Bergstrom: "Ingvar Carlsson's Government Issue"]

[Text] Ingvar Carlsson pursued the theme of the split in the nonsocialist ranks from his debate with Westerberg when he spoke in Boden over the weekend.

"The only thing that unites the nonsocialists is that they say they represent a nonsocialist policy. But it is not enough to simply be against something. They have to talk about what they are for too! They have to work out their own alternative!"

There is a lot of sense in the prime minister's appeal to the opposition. In a democracy there must be at least two conceivable government alternatives. If the government in power represents one, it is the duty of the opposition to supply the other.

The opposition can of course reply that the Social Democrats certainly disagree among themselves with regard to the issues Ingvar Carlsson brought up as examples of nonsocialist disagreement: South Africa, energy and taxes. But the fact that the Social Democratic Party has been more open in its debate should not be interpreted as meaning that it is paralyzed when it comes to taking action. There was a party solution to the South Africa issue, whether one likes it or not. The same will happen with respect to the energy and tax issues. A party as large as the Social Democratic Party will always contain divergent opinions and attitudes on many specific issues. But it retains its effectiveness and ability to act when the time comes.

But Ingvar Carlsson and the Social Democrats also have their government issue. It arises as soon as the party does not have or cannot even realistically hope to achieve a majority on its own. And that is the situation today.

The decisive factor in forming a government has been whether there is a "socialist" or a "nonsocialist" majority in Riksdag. In this sense the Left-Communist Party [VPK] is part of the Social Democrats' government base. VPK may be opposed to a great many things, but the day the existence of the Social Democratic government is threatened or its ability to act is in jeopardy, VPK is expected to come to the rescue.

But what is the situation right now? When one reads the VPK motions and reservations in Riksdag and hears the party's contributions to the debate, it is hard to believe that VPK is ultimately part of the government's base.

Take the VPK reservations concerning the economic policy guidelines in the Finance Committee recently. They involved an almost total rejection of everything the government has done and is doing. VPK "cannot accept the



economic policy objectives that are contained in the government bill." The bill in question is not just any old proposal, it is the entire state budget and fiscal plan. "There should be no real reason for further reducing the deficit indicated in the state budget," VPK maintained in a harsh attack on the government. "It is also disturbing that a large part of the government's economy policy involves a onesided emphasis on exports." "The so-called 'third way' policy has alienated the labor movement from its most important objectives. Economic policy should therefore be given a different direction."

In his contribution to the finance debate the VPK spokesman sharpened his tone even more: "Thus we want to take a different course than the so-called third way that in our estimation has been essentially the way of capitalism. We maintain that economic policy must be given a different direction."

The Social Democratic chairman of the Finance Committee, Arne Gadd, made a counterattack on the VPK alternative that would add 7 billion kronor to the state budget, among other things. "We Social Democrats feel that such a policy is indefensible in the current situation. It would lead to our losing control over state finances and thus to increased inflation. It would lead to greater foreign dependence... And finally it would lead to high unemployment as a result of the erosion of the state financial situation. The VPK ambitions are quite commendable in themselves, but the economic consequences would be devastating."

Kjell-Olof Feldt was equally merciless: "Quite simply you want to tax capitalism out of existence. You want to impose such high taxes on businesses that they will be wiped out. I agree that this is one way to get rid of capitalism--but you will get rid of a great many jobs at the same time and you will never receive the revenues you have counted on in your motion!"

Today, Tuesday, the Riksdag Finance Committee will discuss the biggest savings item in the government's budget proposal: state payments to municipalities. The government wants to save about 1 billion kronor in state funds. The Conservatives and the Liberals are proposing somewhat larger cuts, the Center Party wants somewhat smaller ones, but still supports savings cuts. But VPK wants to give the municipalities 9 billion kronor more than the government is requesting.

It remains to be seen what will emerge from the chaos if each party continues to insist on its own line. But isn't there a line somewhere where the Social Democrats must confront VPK with a decisive government question? How did Olof Palme phrase it during the all too irresponsible days of the evenly balanced Riksdag? "We refuse to administer a collapsing economy."

Or else the Social Democrats will be forced to totally exclude VPK from the base of support for the government's central task in peacetime: handling finances. The possibility for a Social Democratic government would then lie in getting support from first one and then another nonsocialist party

for the more unpleasant steps that must be taken. In that case the non-socialist divisions would be the prerequisite for the ability of a Carlsson government to manage its government responsibilities without a coalition. Perhaps it is time for Carlsson to make a speech of congratulation for the split in the nonsocialist ranks, possibly on some trip through southern Sweden, at a suitable distance from Boden.

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CSO: 3650/100



## PAPER SEES FELDT AS PROBLEM FOR NONSOCIALISTS IN ELECTION

Stockholm DAGENS NYHETER in Swedish 15 Mar 87 p 2

[Editorial: "Feldt as Nonsocialist Idol"]

[Text] At least two of the nonsocialist parties, the Conservatives and the Center Party, are now acting as if they had already decided not to work seriously for a change in government in the 1988 election. During the first months of the year the nonsocialist opposition parties have devoted themselves primarily to internal quarreling.

This is not a question of a test of strength in which Carl Bildt is trying to catch up with Bengt Westerberg and Olof Johansson just wants to underline his independence. The split goes deeper when parties vie with each other to profile their own views in such central areas as tax policy and welfare policy in the broadest sense.

We find ourselves halfway between two elections, deployment for the next election campaign is in full swing. What is being presented now in the way of motions, newspaper articles and contributions to the debate is probably the best indication of the campaign ahead of us. The Conservatives will attack the government from the right, the Center Party from the left and the Liberal Party, if anything, from the middle. The opposition is following distinct patterns.

One could wish that the nonsocialist politicians had not chosen to screen themselves from foreign assessments that are favorable to government policy to such a large extent. It is true that various attempts have been made to put a Social Democratic stamp on the economists from the American Brookings Institution, who expressed their amazement earlier this winter that Sweden, in spite of its high tax burden and large public sector, has shown such an ability to adjust.

But THE ECONOMIST, the British publication, which heaped praise on Kjell-Olof Feldt in its latest issue, certainly proclaims other ideals than "the Swedish model," as a rule. Even so, the periodical stated that the country one might expect to be marked by "Euroclerosis" has, on the contrary, a flexible labor market and a dynamic industry, due largely to the strong

labor market organizations and a well-developed social safety net. Sweden's labor market policy is singled out as a model for Great Britain.

Neither the Brookings report nor THE ECONOMIST ignored the price and cost developments that have increasingly represented a serious threat. But when it comes to what has been achieved so far they regard Feldt as successful compared to both his predecessors and his cabinet counterparts in other countries. It is interesting to note how an initial distrust of "the Swedish model" in these analysts has changed to something resembling amazement at Sweden's ability to resolve conflicts. We ourselves tend to forget all too easily how other countries get bogged down in mass unemployment with the social misery that this entails.

However a brighter picture of Swedish economic policy has not failed to affect the opposition's perceptions to some extent. Bengt Westerberg expresses his regard for what has been achieved with increasing frequency, while Anne Wibble seems to dwell on the negative aspects. Olof Johansson rejects the entire pattern of growth led by exports, for reasons that are not clear, but Nils G. Asling accepts at least the main features of the plan. Carl Bildt and Lars Tobisson, who would rather change their standpoint than end up on the same course as the government, now point to Feldt as a good example when it comes to reducing public spending.

The Conservatives are almost tying themselves in knots. In their tax motion they show how the public spending share rose until 1982, after which it has shown a generally declining tendency. By projecting the falling curve for another 5 years the Conservatives give the impression that taxes could be reduced by the 50 billion kronor the party is proposing without much difficulty. The fact that Conservative politicians like Margaret Thatcher and Poul Schluter did not venture to make such drastic reductions in public spending doesn't matter. Now it is Feldt who has become an idol!

The Conservative calculation is a textbook example of how statistics can be used to mislead people. Many of the savings that have been made are temporary cuts; for example industrial subsidies can only be abolished once. Feldt should probably not attempt a spending reduction at this rate because a good many interventions will then be required in the general welfare system. This involves what the Conservatives called "changes in the system" before they themselves banned the phrase.

THE ECONOMIST described Feldt's economic policy as more "Thatcheristic" than Thatcher's own. That is probably a deceptive label. But perhaps it can give the Conservatives an excuse for taking advantage of Feldt now.

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CSO: 3650/99

## ISSUES IN FUTURE ELECTIONS SEEN BENEFITTING GREENS' GROWTH

Stockholm DAGENS NYHETER in Swedish 22 Mar 87 p 17

[Commentary by Bo A. Ericsson: "Environment Party Has Wind in Sails"; first two paragraphs are DAGENS NYHETER introduction]

[Text] The Greens have made clear election gains recently--in West Germany in January and in Finland last week. The Swedish Environment Party is also talking about increasing support today. If this turns out to be long-lasting the Greens will be exposed to mounting pressure from the established parties.

The dandelion is the symbol of the Environment Party. Suddenly it has started to grow in the shadow of the established parties. Is this growth temporary or enduring?

It is located in the Lund railroad station.

There--in the southern part of the building in a room that looks like a waiting room, with a stylish dandelion poster on the door--the Environment Party has its national headquarters.

And the people there now say that the party's membership around the country is about to double.

The most faithful members of the Green rank and file maintain euphorically that the progress is paving the way for Riksdag membership in the next election. The more reflective, however, clearly recall the party's big surge in the opinion polls in 1982--the surge that shrank painfully in the election later that year to an unimpressive 1 percent.

Will it be like that this time too or is there real substance in the mounting opinion poll support for the Greens that both the Institute for Market Research [IMU] and the Swedish Institute for Public Opinion Polls [SIFO] have shown in recent months?

No one knows today. But the opinion analysts say, as they thumb through their voluminous tables, that something seems to have happened.

What has happened from a purely numerical point of view is that support for the Greens among the electorate rose to 5.5 percent in February, according to IMU, and to 3.9 percent, according to SIFO, which is now measuring support for the Environment Party for the first time. January also showed rising figures.

#### To the Fore in West

"We can sense a clear upward trend and we have now started new groups. People will have to start taking us seriously," said Kjell Dahlstrom, the office secretary at the Lund headquarters and in practice the Greens' party secretary.

With regard to the reason for the upturn for the Environment Party--whether it is transitory or more enduring--it is a fact that environmental issues have moved to the fore today in almost all of Western Europe--after Chernobyl, the Rhine poison catastrophe and increasingly sick forests and lakes.

In the West German Bundestag election in January the Greens moved up from 5.6 to 8.3 percent and in the election in Finland last week the Greens went from 1.4 to 4 percent--less than expected, it is true, but even so. Of course a telegram of congratulations was immediately sent eastward from the Lund railroad station.

#### Environment Most Important

In Sweden the unusual phenomenon occurred that environmental issues have surpassed employment as the most important issues for voters, according to a SIFO study made some time ago. We do not know if this indicates a more permanent shift in the wind or is just a logical consequence of the fact that there are fewer problems on the labor market today than there were before.

Among the political parties it is primarily the Social Democrats who are now signaling an increased interest in the environment. This is also true of the union movement. This was confirmed at the Federation of Trade Unions [LO] congress last fall.

The Environment Party was formed in September 1981 as a national party, mainly as a result of the nuclear power referendum. Some local environmental parties had been in existence since the beginning of the 1970's.

In the last Riksdag election the Environment Party received only 1.5 percent of the votes--or a total of 85,000. Things went much better in the local elections. There the Environment Party received 142,000 votes and doubled the number of local seats it held compared with 1982.

The party now has seats in more than half of all the municipalities. The largest number are in Nynashamn, Karlstad, Borlange and Lund. Local

environmental parties are strong in Stockholm and Goteborg. Elsewhere local environmental parties have become part of the national party.

### Swing Vote

In a number of communities the Greens now have a swing-vote role and co-operate on specific issues with first one bloc and then the other. It would be wrong to say that the Greens are popular with the established political parties.

Now the Environment Party is working with renewed spirit to get into Riksdag in the 1988 election.

What does the party want to do, what does it want to change?

The basic idea in the Greens' policy is that pollution of the air, the ground and the water must be stopped. We must stop wasting natural resources, reduce the vulnerability of society, disarm and create peace.

From the beginning the Environment Party has been regarded as something close to a one- or two-issue party, but today the Greens have a general program of ideas that was carefully formulated on the basis of concern for the environment, living space.

Here is a small selection:

The Swedish economic model no longer works. The economy must be shifted to small-scale enterprises based on ecological considerations. It must also be made informal and a local economy must be created on the basis of local resources.

The public sector should be decentralized and as many decisions as possible should be made on the local level.

A 6-hour work day with payroll deductions should be introduced in combination with special supplements for children and the tax system should be revised. The first 30,000 kronor would be tax-free. While labor would be taxed less, resources, energy and unearned income would be taxed more.

Wage-earner funds should be abolished and the money transferred to local funds to subsidize an ecologically-beneficial local economy. Price regulation would be introduced for land and housing.

Nuclear power would be phased out within 1 to 3 years (the party has hardened its position here), farming would be done without using poison and there would be an increased emphasis on mass transit, while no further highway construction would be allowed.

A form of social service would replace military service and the defense system would place more emphasis on civil resistance and civil defense.



There would be a flexible retirement age, from 60 to 70, and public health and sick care would be directed more toward keeping people healthy.

In the education sector small self-administered schools would be set up with more responsibility for the students.

Equality would be promoted through such things as sex quotas for boards, decision-making bodies and educational opportunities.

#### Question Marks

To sum up, the Greens are working for fundamental changes in Sweden. But it is not always clear exactly how these changes will be made, there are several question marks. At times the wording of the party program is extremely sweeping.

When it comes to organization and structure the Environment Party differs somewhat from other parties--among other things there is no party leader. Instead they have so-called spokesmen. Today they are Birger Schlaug of Vingaker and Eva Goes of Harnosand.

The highest decision-making body is the annual party congress and between congresses decisions are made by the council of representatives.

There are four permanent committees within the organization: the administrative committee, the political committee and the organizational and press committees. The daily work of the party is carried out mainly by the political committee (with its office in Lund) and the administrative committee (Goteborg). Members of the political committee are Asa Domeij, Uppsala, Carl Frick, Hjo, Margareta Gisselberg, Umea, spokesmen Eva Goes and Birger Schlaug, Krister Hakansson, Sjobo and Anders Nordin, Pitea.

According to IMU the Environment Party has its greatest support among people between the ages of 30 and 45 and among people with a high school or college education who live primarily in big or medium-sized cities.

"But we are not a high-income party, on the contrary," said Kjell Dahlstrom in Lund.

The Greens have no significant support in the traditional labor movement or in the established business sector or the organized farm movement.

#### Half Women

A distinctive feature, according to Dahlstrom, is the large number of women who are involved. On party ballots, incidentally, a woman must be listed on every other line. And it says somewhere in the party program that:

"The power of masculine principles must be broken even if they happen to be practiced by a woman."



According to Dahlstrom support is also growing among young people and the party has just set up a separate youth organization, Green Youth.

There are environmental parties in almost all the West European countries today, parties that grew out of the alternative movements of the sixties and seventies and the extraparliamentary opposition. The foundation stones have been the peace movement, the campaign against nuclear weapons, the anti-nuclear power movement and the women's movement. Environmental parties are represented in parliament in five countries today: Finland, West Germany, Holland, Belgium and Austria.

### Third Power

Politically the Swedish Environment Party sees itself as a kind of third power. It does not want to be ranked with either the socialist or the non-socialist bloc.

How this would work if the party succeeds in getting into Riksdag seems unclear. But it is clear that if the party's current upward trend continues, the Greens will be subjected to increasing pressure from the other parties on national policy and they will be forced to be more precise, especially in the economic sector.

In the roughly 5 years since its formation the Environment Party has sometimes creaked audibly at the seams, although the differences have certainly not been as great in the Swedish party as they have been at times in the West German sister party where "fundamentalists" and the "realists" who are more inclined to make adjustments have really been at each other's throats.

### Weak Points

At the same time, however, even the most enthusiastic members of the Environment Party admit that it has weak points. The policy is there, they say, but they have not succeeded in organizing support, partly out of a fear of central direction.

In past years the core of the Environment Party, its roughly 5000 members, have invested an average of several thousand kronor apiece out of their own pockets to take care of party finances.

But now the membership figures and thus the resources available are rising. At the Lund railroad station, at any rate, they believe that the number of members will rise to over 10,000 by the time the party meets for its congress in May.

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CSO: 3650/99

## CABINET APPOINTMENTS ANNOUNCED

Istanbul DUNYA in Turkish 24 Feb 87 p 1

[Text] Ankara (DUNYA)--Biltekin Ozdemir was appointed undersecretary of the Finance and Customs Ministry. While Biltekin Ozdemir, formerly Budget and Fiscal Control general director, was appointed to the post of Finance and Customs Ministry undersecretary vacated by the appointment of Ertugrul Kumcuoglu as ambassador to the Turkish Republic of Northern Cyprus, Erdogan Oner, a ministry adviser, was appointed to fill the vacancy created by Ozdemir's appointment. Erdogan Oner was an adviser to the ministry before his appointment as Budget and Fiscal Control general director.

Meanwhile, Assistant Financial Inspectors Irfan Bebek, Medeni Cetin, Unal Gokalp and Suat Kapar were appointed customs inspectors in a separate appointment directive at the Ministry of Customs and Finance.

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CSO: 3554/197

## PROFILES OF OZAL'S 'CONVALESCENCE' TEAM

Istanbul MILLIYET in Turkish 26 Feb 87 pp 1,8

[Text] The various scenarios on government's mode of functioning in the period following Ozal's surgery is taking clearer shape as his return draws near. Since the news has reached Ankara that the prime minister would have to lead a life of 'serene convalescence' without having to involve himself in day-to-day activities until June at the very least, various scenarios have been entertained in MP circles. With some of them eliminated a consensus is emerging on the likelihood of the following:

1. An inner cabinet of experts,
2. More power exercised by prominent ministers held in high trust by Ozal,
3. Increased influence of Semra Ozal (prime minister's wife).

The prevalent view in MP circles is that during the 'convalescence era' the government will rest on a 'tripod' composed of the following:

1. Inner Cabinet

In the pre-surgery era Ozal used to be closely involved with intimate workings of the Cabinet. Not only would he indicate general guidelines for decisions but would get down to smallest detail. Now, however, at least during the period of convalescence, he will have to leave the 'kitchen work' to the team of specialists and/or to people he trusts. This might mean some of his close advisors would be getting more responsibility. It is believed in MP circles that the experts will be under the direction of Chief Adviser Adnan Kahveci and Ozal's son Ahmet. Under these two the experts will be asked to produce more. These are some of the names listed among the experts:

Cengiz Israfil (in charge of the privatization of SEEs), Bulent Semiler (joined the team as adviser but was later put in charge of Anadolu Bank), Cem Duna (responsible for external affairs), Guner Taner (responsible for relations with the press), Deputy Governor of Central Bank Rustu Saracoglu (responsible for money and banking affairs), SPO Undersecretary Yusuf Ozal, SPO Deputy Undersecretary Bulent Ozturkmen (generally regarded in charge of export issues), Yildirim Akturk (presently working in private sector) and most probably Ekrem Pakdemirli. Appearing in the background, Ozdem Samberg and Gunduz Aktan also enjoy the trust of the prime minister in foreign affairs. It is said that these experts will be doing the spadework and present fully worked out options to Ozal.

## 2. Influential Ministers

While the inner cabinet will be geared to longer-term perspectives the running of day-to-day affairs and parliamentary policy will require some ministers to assume more responsibility. Therefore it is expected that some of Ozal's favorite ministers -- such as Safa Giray, Hasan Celal Guzel, Ahmet Karaevli and Kaya Erdem -- will assume more discretionary powers in order not to burden the prime minister with details. So the inner cabinet and a group of influential ministers will constitute the major fulcrums of power.

## 3. The Semra Ozal Factor

It is expected that during the period of convalescence Semra Ozal, the prime minister's wife, will constitute the third leg of the tripod. It is viewed as inevitable that Mrs. Ozal will gain more influence in the scheduling of the prime minister's time.

Delegating more of the responsibilities to trusted ministers and confining policy-making to overall guidelines is expected to leave Ozal substantial time for relaxation. The prime minister is expected to use this time meeting the people. Knowing that Ozal is very good at influencing people with his soft-spoken and soothing manner his close advisers think that this might be all for the best. While he will continue in his role as front man, Ozal will be reinforcing MP's public image.

## C.V.s of the Support Team

- Bulent Ozturkmen: Born in 40 in Keskin, Ankara. Graduated Ankara University Law Faculty. Between 66-76 served in the Prime Ministry and later in the Ministry of Commerce as special advisor, deputy undersecretary and acting undersecretary. Since 84 he serves as deputy undersecretary at SPO.

- Ekrem Pakdemirli: Born in 39 in Izmir. Graduated in 63 from METU Mechanical Engineering. Later studied at Imperial College of Science and Technology, London. Became associate professor in 73 and professor in 78. After 80 served as group leader at SPO and as TUB chairman. Appointed undersecretary of the Treasury and External Trade in 84. Left this post in 86, he currently holds a university teaching job.

- Yusuf Bozkurt Ozal: Born in 40 in Malatya. Completed secondary school in Malatya. Graduated Liverpool University Electrical Engineering. Worked at World Bank as group leader in project development programs. Appointed SPO undersecretary in May 84.

- Yildirim Akturk: Born in 41 in Kocaeli. Graduated from Ankara Atatürk Lycee, and Liverpool University Electrical Engineering. Served as head of SPO Economic Planning Department and acting undersecretary of SPO until Sep 83. Moved on to ENKA Holding as general coordinator. Also chairman of the board at Uluslararası Endüstri and Ticaret Bank.

- Bulent Semiler: Born in 54 in Cyprus. Graduated Dartmouth College, later studied at Fletcher School of Law and Diplomacy. Brought in as advisor to the prime minister Feb 86. Later appointed general director of Anadolu Bank.

- Rustu Saracoglu: Born in 48 in Ankara. Graduated METU Economics. From 84 onwards served 18 months as director of Research, Planning and Education Department at Central Bank. Since 25 Jan 86 is Deputy Governor of Central Bank.

- Cengiz Israfil: Born in 42 in Warsaw, Poland. Secondary school at Kabatas Lycee, Istanbul. Graduated in 67 from Columbia University Mathematics Department. Currently doing military service, later will continue serving as adviser to the prime minister.

- Adnan Kahveci: Born in 49 in Trabzon. Studied at Purdue and University of Missouri where he later taught as assistant professor. Currently serving as chief adviser at the Prime Ministry. Speaks English, French and German.

- Ozdem Samberg: Born in 38. Went to Galatasaray Lycee, graduated Istanbul University Law Faculty. Joined Foreign Ministry in 63. Serving as foreign policy adviser to the prime minister since Sep 85. Speaks French, English and Spanish.

- Cem Duna: Born in 46. Attended Ankara College, graduated Faculty of Political Sciences. Joined Foreign Ministry in 67. Serving as foreign policy adviser to Ozal since Sep 85.



- Gunduz Aktan: Born in 41 in Safranbolu. Attended Ankara Ataturk Lycee and Faculty of Political Sciences. Joined Foreign Ministry in 67, serving as Counsellor at Bern Embassy 83-85. Since Nov 85 serving as adviser to the prime minister.

- Ahmet Ozal: Son of the prime minister. Completed his primary and secondary education in Turkey. Studied at University of North Carolina - Chapel Hill, Business Administration. Worked at World Bank as development economist. One-year banking training at American Express Bank - New York branch. Currently Middle East consultant at American Express Bank in Turkey.

- Gunes Taner: One of the founders of MP and currently sitting on the party's Executive Council. Born in 49 in Istanbul. Graduate of Istanbul State Engineering and Architecture Academy. Master's in Industrial Engineering, New York Polytechnic. Working in international banking since 76. Currently on the board of Citibank-Turkey and deputy general manager at the same bank.

12466

CSO: 3554/210



## CWP'S CINDORUK SAYS COUNTRY WANTS POLITICAL BANS LIFTED

Istanbul TERCUMAN in Turkish 26 Feb 87 p 9

[Text] Samsun -- Correct Way Party Leader Husamettin Cindoruk said, "This government which measures a citizen's worth with money is about to privatize justice as well. This is clearly an attempt to transform our social state into a capitalist state."

During a press conference at Turban Great Samsun Hotel Cindoruk said that in his travels across counties he saw that people want the bans lifted and new elections held. He said, "Lifting of the bans and holding new elections are beyond us now." Pointing out that relations between the government and the people has completely degenerated, Cindoruk carried on:

This government, which refrains from changing Article 4 of the Constitution, uses the same Constitution as a weapon against its opponents while trampling upon it. The government uses the Constitution as a shield when it deems convenient to do so and behaves arbitrarily when it thinks otherwise. The public has now become fully aware of this situation. In my tours across counties and villages I witnessed that the democracy-starved public has taken matters into its own hands -- launching election campaigns spontaneously and demanding that the bans be lifted. The issue of the bans is well beyond our control now having become a national issue. The only way to bring about the country's salvation is through new elections. Because, this government -- which chooses to preserve the anti-democratic clauses in the Constitution that are technically removable, has introduced a capitalistic system by crushing the social state. Thus the very nature of our republic which is a social state, has been transformed.

In the final section of his talk CWP Leader Cindoruk referred to the issue of paying for judicial services -- a policy that the government wishes to implement. He said: Paid justice is yet

another instance of privatization -- this time of the justice system. There is nothing like it in any capitalist country. All this comes from the privatization of the government itself. What this means is that from now on citizenship rights will depend on monetary criteria. Having already trampled upon the principle of secularism this government has tarnished the essence of the Constitution and created a constitutional crisis in the country.

12466

CSO: 3554/210

## EDITORIAL CALLS FOR NEW GOVERNMENT FOCUS

Ankara YANKI in Turkish 5-11 Jan 87 p 64

[Text] Mankind has packed so many things into the 20th century and so many developments have taken place one after the other that one feels as if several historical periods are compressed into a single lifetime. Historical periods, usually conceived in milleniums or centuries since the time of Christ, are no longer measured in such big chunks. We shouldn't be surprised if we see several historical periods crammed into a single year.

Of course, this phenomenon is due largely to a series of inventions in such a short time. Inventions, each of which could have given their name to an historical epoch, now take place within a single year. Thus the duration of historical periods are now shorter than human life span. The 20th century has been called everything from the age of the movies to the space age, age of electronics, age of the automobile, and so on. It has been called the age of medicine (due to man's success in discovering the secrets of his anatomy), the atomic age, the age of love (designated by peace-lovers as the feeling we most need), and many other labels.

An important aspect of the 20th century is that it is the era of nationalism -- when the concept of 'nation' came to its own. During the first quarter of the century national groups within empires accelerated the process of forming independent states. This was also the age which saw the end of the Ottoman empire. In terms of its structure the Ottoman empire exhibited unique characteristics. It was multi-ethnic to begin with. In other words, there was no common national bond or ethnic unity. It was also a multi-religious society. So we can't talk of religious unity either. Though the sultan was 'caliph' at the same time, some of his subjects were Christians or Jews. Within the Empire all religious and ethnic communities could observe their faith

and customs. When various religious denominational groups are added to the picture we can appreciate the deftness with which the Empire was managed keeping its diverse elements together for centuries without having to resort to force.

Countries of Western Europe, meanwhile, tried to alleviate their anxiety for having to share a border with the Ottoman empire by formation of buffer states in between. While religious unity was effective in quelling discontent in eastern provinces of the empire, in the European provinces religion proved to be a disruptive force. Our European and northern neighbors tried to exploit the religious and ethnic differences within the empire in every instance, and provoked the dissident groups. Matters reached such a point that the empire was left bereft of foundations. And while they were debating who shall give what to whom the War of Independence brought forth an entirely new and vigorous state to the scene: The Turkish Republic.

The new state gained the respect of the world and established the maintenance of peace as fundamental principle, in keeping with the contemporary modes of thinking. This was confirmed by its ability to stay out of a conflict that engulfed the rest of the world [Second World War]. But the new Turkish state, viewed as an example by all the down-trodden nations, has lately become the target of attacks similar to the years prior to its founding. Today, Turkey is undertaking major economic and political initiatives. Leaving internal squabbles aside, Turkey's external relations are beset by serious problems.

This is the year of Turkey's application for full EEC membership. This means that new relationships in many different areas will be sought with the Europeans. These developments and the geopolitical situation provide the overarching framework for Turkey's relations with many countries. If full membership materializes the Europeans will find themselves in the position of sharing all our problems -- from housing to unemployment, devaluation and educational imbalance. They are thinking Turkey will prove to be a burden. And efforts are made to demonstrate that Turkey is not ready for full membership in the EEC. Though economic arguments are presented, bulk of the arguments focus on the democratic or political aspects. And the job of exposing them is gladly shouldered by our neighbor and ally Greece. It is interesting to note that the very same methods used before the War of Independence are back in use again. And Turkey is constantly bothered in a region called the Middle East which is being forced, relentlessly, into a rearrangement of boundaries. EEC will have to confront these issues as well. All these developments make our external relations unquestionably the most significant issue on our country's agenda.

## ISTAT STUDY SHOWS INCREASE IN STABILITY, PROSPERITY

## Statistics Chart Progress

Rome LA REPUBBLICA in Italian 31 Dec 86 pp 4-5

[Article by Luca Villoresi: "Sixty Years of History Told by the Numbers"; first paragraph is LA REPUBBLICA introduction]

[Text] The way we are, and the way we were: in one volume, ISTAT [National Statistics Institute] gives the statistical differences between the Italy of yesterday and the Italy of today. The most stable item is the climate. The data range from the height of conscripts in 1926 to the rich diets of the computer age.

Rome--It is 1926. "Lola, what are you learning at school?" "La" radio (or, "il" radio, as it was called in those days) is entering Italian homes to the music of the Charleston. The tricolor flag is flying over Oltregiuba and the oasis of Giarabub. Grazia Deledda receives the Nobel Prize for literature. Ines Ferretti wins the competition sponsored by the National Fascist Party to find the "girl with the smallest feet." Death takes Rudolph Valentino, Piero Gobetti, and Queen Margherita. Nobile flies over the North Pole. The fasces of the Roman lictors is proclaimed the national emblem. ISTAT--the National Statistical Institute--begins its labors: it discovers that the average height of conscripts is approximately 1 meter 67 centimeters; that three automobiles are in use per 1,000 inhabitants; and that more than 220,000 Italians suffer from malaria.

Sixty years have passed since the "most exact of the inexact sciences" collected the first figures concerning the reality of a country which--having just entered the 2 decades of Fascism--was still unaware of the difference between a real chicken and a statistical chicken. Today--more than half a century later--by comparing these data with those of 1985 ISTAT can describe the differences between the Italy of today and the Italy of those times. It is a history written by 100 million persons (the number who have populated the peninsula in that period of time): a history that appears to record the progressive establishment of a society that is better educated, more affluent, and--perhaps--more "modern."



The 350-page volume, "Summary of Historical Statistics," just published by ISTAT, divides Italian life into a number of basic chapters. Here you will see the changes that have taken place in our country during the period from the Paris-New York flight to the Voyager's trip around the world.

1. Climate. Amid so many changes--and despite the oldsters' tales about the way the seasons "used to be"--the climate does appear to be the most constant of the phenomena studied. In Genoa, as at Bari, average temperatures have remained virtually unchanged. And although in Rome there have been substantially fewer rainy days in the 1980's than in the 1920's, total rainfall has remained virtually the same.

2. Population. In 1931 there were 41 million of us; at the time of the 1981 census, over 56 million. The annual rate of increase of the population, during this half century, was virtually cut in half (from 8.6 percent to 4.4 percent); by this year it had reached zero growth, with the number of deaths offsetting--and sometimes exceeding--the number of births. This phenomenon applies only to the Center-North regions, however, and the nation is accordingly undergoing a gradual "Southernization."

The nuclear family--which averaged 4.2 persons in 1926 and increased to 4.3 in the 1930's following Fascism's demographic campaigns--today averages only three persons. As has been noted, however, the differences between North and South are considerable: in Valle d'Aosta the average family consists of 2.5 persons; in Emilia Romagna, 2.8; and in Campania, 3.5 persons.

Marriages--following the peak years of the early 1960's and 1970's (over 400,000 marriages every 12 months)--have declined by 25 percent. The ratio per 1,000 inhabitants declined from the peak of 9.2 in 1946 to 7.7 in 1972 and to the 5.2 recorded in 1984 and 1985. The data for 1985 show a continuing increase in legal separations (35,162), divorces (15,650), and civil marriages (41,955), although the latter figure is still far below the figure for religious marriages (254,035). The most propitious age for legal unions continues to be the 25-29 age group, and there has been a drastic decline in the number of marriages in the under-18 age group (from 2,224 in 1975 to 228 in 1983).

Women continue to outnumber men, although because of their greater longevity the half a percentage point difference in favor of the female population is concentrated exclusively in the oldest age group.

3. Health. The sharp decline in the number of deaths from infectious and parasitic diseases (half a century ago, more than 100,000 per year; today, only slightly more than 3,000) has served to offset a dizzying increase in the number of deaths caused by diseases of the circulatory system (from 100,000 in 1941 to over 260,000 in 1983) and by tumors, which have quadrupled over the past half century. Infant mortality--which half a century ago hovered around 200 per 1,000--is now down to around 10 per 1,000.

4. Education. In Italy there are at the present time 1.7 million university graduates (four times the figure for 1951) and 7 million secondary-school graduates (five times the figure for 1971). In the academic year 1926 the

Italian universities graduated 7,856 students; in 1985, 72,148. Latium has the highest percentage of university graduates (4.5 percent of the general population), followed by Liguria (3.4 percent).

During this half century the number of illiterates declined from 5.5 million (over 20 percent of the population) to 1.5 million (3 percent: a percentage that is still high, but comparable to the 5 percent prevailing in the United States). Overall, however, there are still 13 million of our citizens without any educational qualifications; they are concentrated largely in the regions of the South and in certain depressed areas of the Center-North.

5. Culture and Entertainment. The number of books published went from 6,341 titles in 1926 to 22,683 in 1985. There was a slight increase in attendance at theatrical and musical functions (approximately 20 million per year in the 1930's; 23 million in the 1980's). The period brought a crisis for motion pictures, with the number of tickets sold per year declining from 500 million in the late 1940's to 131 million in 1984. It brought a boom, however, in sports events, which during the 1950's represented less than 7 percent of overall spending but today account for more than 17 percent, and in "miscellaneous entertainment" (10 percent of overall spending in the 1950's, compared to more than 40 percent in the 1980's).

6. Justice. Decreases were recorded in the figures for homicides (approximately 3,000 in 1926 compared to approximately 2,000 in 1985); assault; slander; and criminal libel, whereas crimes against the family, public morality, and public decency remained substantially constant. The figures for theft increased--in little more than half a century--from 200,000 per year to 1.2 million per year; and for robberies and extortion, from 4,000 per year to 40,000 per year.

7. Labor. The figures for government employees are noteworthy, increasing from half a million in 1926 to 2.3 million in the 1980's. The number of persons employed in agriculture declined drastically: from more than 8 million in the 1950's to fewer than 2.5 million in 1985. The figures for those employed in industry began to decline again, following the interlude of the 1960's; the corresponding figures for the service sector doubled in the past 30 years. Labor disputes dropped to minimal numbers (fewer than 10,000 work hours lost in 1985) following the record figures of the early 1970's (181,000 hours lost in 1975).

8. Economy. It is difficult to make a comparison between the prewar economy and the economy of today, and ISTAT's research concentrates on the events of the past 20 years. The gross domestic product (expressed in market prices), which in 1970 was approximately 62 trillion lire, was 684 trillion in 1985. Private consumption declined, public consumption increased; the value added of services for the sales sector rose, that of industry declined.

9. Consumption. The standard of living continues to show improvement, as confirmed by the growth of consumption. Between 1970 and 1985, per capita spending--at constant prices--increased by 32.5 percent in the private area and by 44.3 percent in the public area: the greater rate of increase in public

spending is attributed by the experts to the fact that ever greater responsibilities have been delegated to the state. Household consumption--which in 1970 accounted for over 81 percent of total consumption--decreased to 75.5 percent in 1985, to the advantage of public consumption (24.5 percent).

Food consumption is characterized by subsequent increases in the categories of meat, fish, fruit, sugar, and dairy products. The most significant indicator (some say it probably marks the transition from frugality to affluence) is the one that relates to meat. By comparison with 60 years ago, current per capita consumption is greater by 2.5 percent for beef; 5.5 percent for pork; and 6.4 percent for the "other" types of poultry and for rabbits. As in all wealthy countries, food represents a relatively modest (29 percent) share of domestic consumption, while spending in the areas of sanitation, health care, education, and recreation is increasing.

10. Agriculture. Average production of wheat per hectare increased from 12 quintals in 1926 to 28 quintals in 1985, and of corn from 21 quintals in 1926 to 70 hectares in 1985.

11. Industry. In 1926, Italian industry launched 148 ships for a combined gross tonnage of more than 250,000 tons; in 1985, the corresponding figures were 31 ships and 40,000 tons. In the same time frame, the total production of the Italian automobile industry went from approximately 50,000 motor vehicles per year to 1,385,000 per year.

12. Housing. In 1931 a total of 9.5 million housing units were enumerated; 50 years later, almost 22 million.

13. Tourism. Over the last 30 years, the total supply of beds available at the various hotelkeeping establishments has tripled (from 572,829 to 1,617,211), keeping pace more or less faithfully with domestic and foreign demand in the tourism sector. There has also been a considerable increase in the arrival-stay ratio: foreigners who 30 years ago stayed in our country for approximately 3 days are now staying for four.

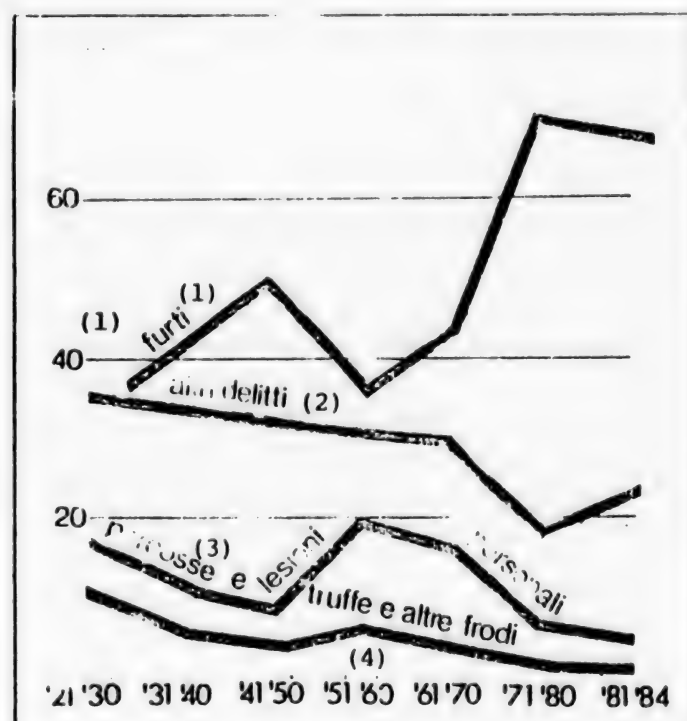
14. Foreign Trade. We import more than 45 million quintals of wheat (in 1931 the figure was less than 15,000 quintals); 937 million quintals of crude oil and petroleum products (compared to 7,000 in 1931); 2.4 million head of cattle (compared to 176,000 in 1931). We are exporting more than 9 million quintals of legumes and vegetables (triple the figure for 1931), and 325 million pairs of shoes (compared to 421,000 pairs 50 years ago). The figures for the export of the products of petroleum refining (144 million quintals) and chemical fertilizers (17 million quintals) are also noteworthy.

15. Transportation. In 1926, Italian railroads carried 129 million passengers; in 1985, almost 390 million. During the same period, the total number of motor vehicles increased from 104,000 to 21 million. In 1926, a total of 3,991 passengers flew on Italian aircraft; 60 years later, the figure was 12.5 million.

16. Prices. Today, you would need 560 lire to buy something that in 1926 cost 1 lira. One lira of 1935 is worth 900 lire of 1985, or 10 lire of 1961. The increase in the cost of living reached its all-time peak in 1944 (up 344.4 percent), and its peak of recent years in 1980 (up 21.1 percent).

17. Public Finance. The budget of the Italian Government for 1926 showed revenues of 25.291 billion lire, whereas in 1985 a total of 356.418 trillion lire flowed into the government's coffers.

Figure 1. Overall Crime Down, Theft Up

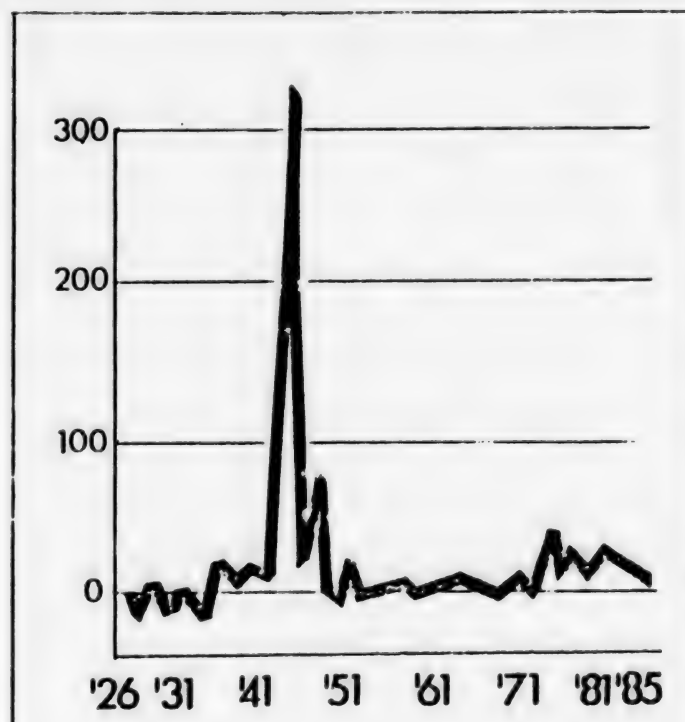


Key:

- |                 |                             |
|-----------------|-----------------------------|
| 1. Theft        | 3. Assault and battery      |
| 2. Other crimes | 4. Swindles and other fraud |

The above graph shows the evolution of crime between 1926 and today. There are fewer cases of homicide, assault, slander, and criminal libel. Crimes against the family, public morality, and public decency remained substantially constant, whereas theft (from 200,000 cases to more than 1 million cases), robbery, and extortion (from 4,000 cases to 40,000) increased enormously.

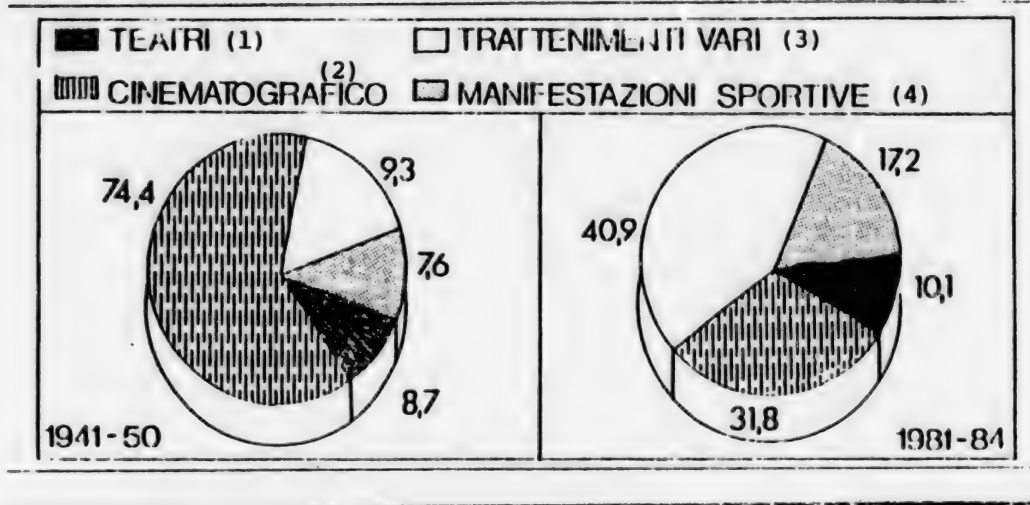
Figure 2. Evolution of Consumer Prices



The graph shows the level of inflation (measured by the changes in the indices from those for the preceding year) in the years from 1926 to today. We see that there was in fact negative inflation in the mid-1920's, that is to say, prices decreased. The previous trend of the indices resumed with the approach of the war. During the war, inflation reached peaks of more than 300 to 350 percent annually; and following a period of stability in the 1950's the trend resumed.



Figure 3. Boom in Sports; Crisis in Motion Pictures



Key:

- |                    |                                |
|--------------------|--------------------------------|
| 1. The theater     | 3. Miscellaneous entertainment |
| 2. Motion pictures | 4. Sports events               |

The above diagram shows how Italians have divided--in this past half century--the entertainment "pie." We see that motion pictures have been the hardest hit since the 1950's, but of course the advent of television must be taken into account. While the theater and music have experienced a slight increase, there has been a veritable boom in sports.

Commentary on Changes

Rome LA REPUBBLICA in Italian 31 Dec 86 p 4

[Article by Enzo Forcella: "The Great Change"]

[Text] How can we convince them, for example, that we were in time to have lived in an Italy where there were almost no automobiles, where you could walk for kilometers along deserted beaches but where, on the other hand, people were careful with money even in middle-class families, people didn't take vacations, and the majority of the population lived in the countryside in a purely subsistence economy?

It sounds like a fable: specifically, the fable of the Great Change. The volume published by ISTAT to celebrate the 60th anniversary of its founding offers us a kind of statistical inventory. It is almost all there: that is

to say, all that is quantifiable. The 19 sections into which the book is divided have summed up--in an orgy of numbers, tables, and comparisons--the whole story of "the way we were, and how we have changed."

To begin with, there is the enormous increase in the population: in half a century our numbers have gone from 41 million to 56 million.

In the last 5 years, however, we have called a halt: just so many births, so many deaths, with the result that we are nearing the famous "zero growth" that is provoking so much discussion. Simultaneously, the size of the nuclear family has been reduced: after reaching its peak in the war years, the average family is replicating the model of husband, wife, and one child.

Zero growth and small families: these can be viewed as the central point around which all the other indicators of "modernization" are then grouped, namely, the truly extraordinary increments in production and consumption; the disappearance of illiteracy; the mass diffusion of higher education (1.7 university graduates and 7 million secondary-school graduates: four times as many as in 1951); the improvement in sanitation; the radical changes in the labor market and in the quality of labor; and the diffusion of cultural consumption.

The anatomy of the change has provided constant and unequivocal results in every sector. To find one's way in this forest of numbers, however, it will be well to give attention to a preliminary key to the text. ISTAT has chosen the last 60 years for its study because--as has been noted--it was founded in 1926 (which fact, incidentally, is in itself an indication of the backwardness of that era). It is a conventional periodization within which another (and more meaningful) periodization has been inserted, beginning with the time frame spanning the late 1950's and early 1960's. Postwar Italy was still the Italy of "yesterday"; it moved at the same pace and retained the mentality, culture, and values of the paleocapitalistic Italy of the initial decades of this century. If this had not been the case, perhaps even the "reconstruction" of the postwar period--the prerequisite for the subsequent neocapitalistic take-off--could not have occurred.

The decisive turning point--the real "anthropological mutation"--occurred during that time frame: during the years of the first economic boom and of our headlong entry into the consumer society. A random search of the ISTAT statistics will provide ample confirmation of this fact. In some categories, the collection of data actually did not begin until those years; if a given phenomenon had not previously been present, to go further back in time would have made no sense.

Even when such a phenomenon was present previously, it was in fact during those years--and in the ensuing decade--that the most sensational improvements took place. Consider the evolution of consumption in the past 15 years: between 1970 and 1985, per capita spending--at constant prices--in Italy increased by 32.5 percent. Obviously, consumption has become substantially diversified. Food now absorbs a relatively modest share of total income, while spending on sanitation, health care, education, vacations, and entertainment has increased.

The conclusion is inescapable. The Italy that emerges from the pages of ISTAT's big book is radically different from the country in which Italians lived up to and including the 1950's. Contrary to what happened in all the other industrialized countries, the transformation was improvised and unforeseen: hence the out-of-phase phenomena, the delays, the unpardonable errors, and the inadequacies. The "modernization" has taken place much more rapidly in structures than in the awareness of those who should have been managing and directing it.

Figures never speak of their own accord; in order for them to speak, they must be animated by that "sociological imagination" which a famous American sociologist suggested at the very beginning of the 1960's. In the present case, it is essential to comprehend the extent of the price paid for the Great Change: a price that was not necessary, a price that a leader who was more aware of what was happening could have avoided. At this point, however, statistics must yield the right-of-way to history and to the political columns.

10992

CSO: 3528/64

## JUSTICE COMMITTEE APPROVES BLASPHEMY BILL

Istanbul TERCUMAN in Turkish 26 Feb 87 p 12

[Text] Ankara (TERCUMAN)--Bills to lift exile as punishment and to award prison sentences to blasphemers against God and religion were passed by the Justice Committee of the Assembly.

The law, drawn up by Ali Dizdaroglu, Antalya MP [Motherland Party] deputy and passed by the Assembly in general session was later cancelled by the Constitutional Court. It was then revised and approved by the Justice Committee.

In lieu of Dizdaroglu's earlier term "punishment for those who insult monotheist religions," the revised motion employed only the term "punishment for those who insult religion." While approving Dizdaroglu's motion, the committee rejected SDPP [Social Democratic People's Party] member Bahriye Ucok's motion on the same subject. Ucok's motion provided for "punishment of those who insult religions which do not violate the Constitution."

The committee also approved the bill by Ankara MP deputy Alpaslan Pehlivan to "eliminate exile sentences following a completed prison sentence." Also discussed by The committee had already discussed a motion by SDPP deputy Coskun Bayram on the same subject and combined it with this bill.

Later on its agenda, the Committee rejected the motion of the SDPP's Edip Ozgenc and independent deputy Resit Ulker for a law concerning the formation of a federation of village headmen.

13334/12913

CSO: 3554/213

## LARGE RESPONSE TO LAND DISTRIBUTION AT ATATURK DAM

Istanbul TERCUMAN in Turkish 6 Feb 87 p 9

[Article by Metin Isik: "Migration to Fertile Land"]

[Text] Ankara, (TERCUMAN)--Upon the acceleration of construction on the Ataturk Dam and the Urfa Tunnel and the promise of a bright future for the region, "migration applications" began coming in from all around the country.

The "migration" forms distributed by the Ministry of Agriculture, Forests and Village Affairs are being filled out and sent in by hundreds of thousands of landless citizens. While hundreds of thousands of villagers from 37 districts in the area of the Black Sea and the Taurus Mountains are applying for permission to settle in Harran and Ceylanpinar, the residents of Trabzon's Caykara District, with a population of 70,000, are even now beginning their preparations to establish a "new Caykara" in Sanliurfa.

According to the information received, together with the fact that the Ataturk Dam and the Urfa Tunnel, which are part of the Southeast Anatolia Project (SAP), will be finished in 1989, the requests of thousands of landless villagers wishing to settle on the Ceylanpinar and Harran Plains is growing like an avalanche. The "migration" forms sent out by the appropriate general directors connected with the Ministry of Agriculture, Forests and Village Affairs have created interest and excitement among forest villagers who have no land in the Taurus Mountains and among landless villagers in the Black Sea region.

## Conditions

The letters sent out by the ministry concerning the requests of thousands of people - the greatest number being from the 37 districts of the Taurus and Black Sea - to migrate "to fertile lands", read:

"Along with the local announcement of the land distribution that will take place in regions implementing Land Redistribution and Agrarian Reform Law No 3083 that the land will be distributed to farmers with very little land or none at all and who work the land themselves, the status of those who apply according to proper procedures will be examined. Those whose situation is suitable to receive land will be allowed to benefit from this implementation."



## Applications in 37 Districts

According to the information given, hundreds of thousands of citizens in 37 districts in 5 provinces have submitted "migration" requests. The districts and provinces for which migration applications are being announced are the following:

Trabzon: Macka, Akcaabat, Besikduzu, Vakfikebir, Tonya, Surmene, Arakli, Yomra, Arsin, Of, Caykara, Artvin: Borcka, Ardanuc, Arhaul, Hopa, Sausat, Yusufeli, Iceli Znamur, Erdemli, Gulnar, Mut, Silifke, Tarsus. Giresun: Espiye, Tirebolu, Gorele, Bulancak, Dereli, Eynesil, Kesap. Rize: Ardesen, Camlihemsin, Cayeli, Findikli, Lkizdere, Kalkandere, Pazar.

### "New Caykara" in Urfa

The most requests to settle in Harran and Cylanpinar have come from the districts of Caykara and Macka in Trabzon and the district of Borcka in Artvin. In the district of Caykara, with a population of 67,535, nearly all of the 81 villages and 9 hamlets have requested permission to "migrate". The residents of Caykara total 15,720 households, of which 8,734 are without land and 6,969 have 2-3 donums (1 donum is approximately 1/4 acre). This amounts to a total of 15,566 donums of arable land, which the Caykara villagers will give to the Ministry of Agriculture, Forests and Village Affairs. Caykara's Atakoyu village is another one of the landless villages wishing to benefit from the fertility of Harran. The Atakoyu villagers are preparing to find a new life near the Ataturk Dam in Urfa. Even now caravans are being organized, poised to leave.

### Demographics Will Change

Parallelling the realization of the SAP project, the demographics of these lands that will suddenly become fertile will also change rapidly. In the year 2000, Urfa will have a population of 3.5 million, becoming Turkey's third largest city, and will be the industrial and commercial center of the region. While a virtual "explosion" will be noted in agricultural development, commerce and industry will also develop rapidly. The internal migration that has, until now, consisted of people going from east to west with the aim of finding work, will then turn towards the east and southeast from all our regions. The increase in population density in the region will bring new demographics into being.

13293/12624

CSO: 3554/192

## BASIC CHANGES IN EDUCATIONAL SYSTEM ANNOUNCED

Istanbul MILLIYET in Turkish 6 Feb 87 p 12

[Article by Nilgun Tarkan: "National Education Has Changed from A to Z"]

[Text] Ankara -- National Education, Youth and Sports Minister Metin Emiroglu revealed to MILLIYET the fundamental changes in the national education system. Secretary Emiroglu informed us that the alphabet primer will be rewritten; that vacation periods will be shortened; that, beginning with the school buildings project, control of every level such as construction and repair will be turned over to special authorities of the province, and that the ministry will lend assistance in the matter of financing.

Emiroglu said that work is progressing on these changes and that the matter of how many of them could be instituted in the 1987-1988 school year has not yet been determined.

Emiroglu had this to say on the subject of the efforts towards change:

## Alphabet

"Not one item has been changed since 1962. That is to say, for about 25 years we have been teaching the children by the same method. We have begun efforts to change this. The thing we're going to deal with first of all is rewriting the alphabet - on colored, shiny paper if need be. In underdeveloped regions we will distribute primers free of charge.

## Length of Vacations

"We are the country with the shortest school year in the world. We are now involved in efforts to shorten vacations and lengthen the academic year. We can shorten the summer vacation and give other short vacations from time to time.

## Turning Over Schools to Ad Hoc Administration

"We believe that it is necessary that the organization of a program for the building needs of the primary and intermediate level schools -- their

construction, maintenance, and upkeep--be handled by ad hoc provincial administrations. Some governors' offices do this now. If necessary, we can make changes in the Provincial Ad Hoc Administration Law.

#### Foreign Language Instruction

"There are claims that a child receives 6 years of language training in the normal middle school and high school and graduates from school without having learned anything at all. We are engaged in efforts to make language training more effective. At the end of this month an expert is coming from England's Ministry of Education, and he will prepare a report on the subject of foreign language instruction. We will study this and determine the best methods of teaching foreign languages.

#### Shortage of Teachers Will Be Eliminated

"Efforts are under way to eliminate the shortage of teachers, especially teachers of English in the high schools of Anatolia. Next year the shortage of teachers in Anatolian high schools will be eliminated by native teachers and teachers who will be brought in from outside the country, including some from Australia.

"Efforts are also under way to modernize the teaching equipment in the schools. Next year, teaching by video will begin in 33 schools selected as pilot schools. Lessons will be given by video in physics, chemistry, electricity and electronics."

13293/12624

CSO: 3554/192

## PLIGHT OF WESTERN THRACE TURKISH YOUTH DISCUSSED

Istanbul MILLIYET in Turkish 26 Feb 87 p 11

[Article by Gul Gurturk: "200,000 Turks Seek Way Out"]

[Text]--As many as 200,000 Western Thrace Turks, 120,000 in Greece, 80,000 in Turkey, do not know what homeland to choose.

--In order to force the Western Thracians to emigrate to Turkey, Greece has been pursuing a policy of provocation for years. The reason: "National security."

Recently, in the Greek city of Komotini, 22 youths of Turkish origin carried out a sit-down and hunger strike. These youths, all university graduates, shared the same problem. They were being prevented from finding employment in their own fields.

In fact all Greek governments, whether rightist or leftist, have pursued an unchanging policy. They do not recognize the diplomas of Western Thrace Turks who have graduated from universities in Turkey. In order for their diplomas to be recognized, these young people who have graduated in Turkey are required to take an "equivalency examination." Although many take this examination four or five times, somehow the number who fail to prove "equivalency" is not at all small.

This incident is only one example of the negative turn of events experienced by the Western Thrace Turks from the beginning of our century. Following some bitter events and together with the Lausanne Treaty signed in 1923, it was decided that the Turks of Greece would emigrate to Turkey and the Greeks of Turkey would emigrate to Greece. Only 200,000 Istanbul Greeks and 120,000 Western Thrace Turks were exempt from the exchange. Each of these groups was considered the guarantor of the other.

However, in 1949 the "expropriation of lands belonging to foreigners for the service of the state" began in Greece and, with this kind of confiscation and the situation in Cyprus which exploded in 1952, the rights enjoyed by Turks began to diminish.

Particularly after 1960, activities to reduce minorities gradually increased and became the national policy of Greece, and the plight of the Western Thrace Turks became worse.

Issettin Dogan, lecturer in international law, had this to say on the subject: "Turkey must first explain the problem to the United Nations, then to the European Human Rights Commission. An investigative committee must be requested from the commission. Following the committee's enquiry in Western Thrace, a note of warning must be issued to Greece. If the problem is not resolved, then the Council of Europe Committee of Ministers must be involved in the matter."

Officials of the "Foreign Nationals Office" of the Ministry of the Interior explained Turkey's Western Thrace policy thus:

"It is necessary that our Western Thrace ethnic Turks who are presently citizens of Greece and living on Greek territory remain there. The selective policy pertaining to citizenship which is pursued in our country has in one sense the nature of a protest against our neighbor, Greece. What it wants to do anyway, is force the minority Turks to migrate to their homeland. This deception must not be allowed to work. The facilities provided in Turkey to ethnic Turks are not as limited as believed.

"All the facilities provided by the Law Pertaining to Foreigners of Turkish Ancestry can be of benefit to them. They are allowed to work in occupations (such as law, medicine, notary) normally forbidden to foreigners. That is to say, our country is still protecting, watching over and concerned about them. As for those who are not immediately accepted for citizenship or who are not accepted at all after losing Greek citizenship, research regarding them takes time."

[Box]

We Understand Turkey; Let Turkey Understand Us

Dr. Mustafa Rumelili, president of the Western Thrace Solidarity Association, made the following explanation of the status of the Western Thrace Turks and the means to its solution:

We understand Turkey's tendency to keep Western Thrace Turks where they are for security reasons. But Papandreou has become extremely aggressive. He is trying every means of harassing the Turks. He takes control of our lands, there are restrictions on ethnic education, elections for religious leaders are not held, and our young cannot obtain work permits. We know that Mr Ozal does not want a problem in Western Thrace. He is already busy with Cyprus and the Aegean problem, but what will happen to us?

"Turkey treats the Western Thracians who emigrate to their homeland very harshly. It creates numerous bureaucratic obstacles to prevent them from obtaining Turkish citizenship. While saying 'Come' to the ethnic Turks of Bulgaria, it tells us 'For heaven's sake, go back.'



"I believe the best solution is to strengthen the Western Thrace associations in Europe. These associations, because they consist of persons of Turkish origin, but Greek nationality, must arouse an image of 'Greek complaining about Greek.'"

[Box]

#### Youth of Western Thrace Speak Up

Ahmet (Istanbul Technical University graduate, 23 years old): "I am from Iskece. I have to return because I have finished school and because it is very difficult to obtain Turkish citizenship. When I get back, I will be a farmer and wait for my turn at military service. Just look at this situation; we are Turks but we can't come to our homeland, we can't work here and we perform military service for Greece. This ongoing problem between the two countries must be solved by political and cultural agreements."

Meral (Istanbul Law Faculty, third year student): "I have been in my homeland for three years. I'm scared to death about graduation because I don't want to go back. They treat us badly and force us to emigrate. When I cross the border to renew my visa, the Greek customs agents frown. And when I cross back into Turkey, they act very pleased. They say, 'Go and stay in your Turkey.'"

Selahattin (Law Faculty, fourth year student, 24 years old): "I am from Komotini. I have a 1-year visa but I have it checked again every four months. The Greeks do not forgive mistakes and immediately cancel your citizenship. They don't accept us here. The result is to be left without a homeland. I believe that the greatest problem in Western Thrace is the pressure on education. They are trying to close the Turkish schools. And it is impossible to graduate from Greek high schools. While saying, 'Those who wish can attend Greek schools,' they are actually making fun of us and pushing us into ignorance."

13334/12913

CSO: 3554/213

## STUDENTS SUE ULUDAG UNIVERSITY ON TURBAN ISSUE

Istanbul TERCUMAN in Turkish 27 Feb 87 p 9

[Article by Serdar Kuskü: "128 Turbaned Students Sue"]

[Text] Bursa (TERCUMAN)--One hundred twenty eight women students refused entry by the Theology Faculty at Uludag University for wearing turban head coverings, appealed to the courts when the school administration also refused to let them present their case because they wore turbans. Barred from school although the second semester had begun, the students appealed through legal counsel to Bursa's Court of First Instance to permit them to sue the university in the Council of State and the regional administrative court.

Finding themselves unable to take their semester examinations or renew registration for the remainder of the school year due to the administration's decision that "formal examinations are to be taken without head covering," the students were left stranded when the religious reading room in which they were gathering was closed down by the gendarmerie.

Unable to find a notary public to confirm that they could not even enter the school grounds, the turbaned students appealed to the courts through Bursa Bar attorneys Abdülkerim Sebik, Ertugrul Yalcinbayir, Mustafa Feten and Ibrahim Kurt. Following this, a committee from the Court of First Instance went to the Theology Faculty to observe and record the events. Later, the attorneys submitted a petition to the dean's office containing these questions: "Is a head covering considered modern attire? Is it possible for the students to be admitted onto school grounds? Should a report be prepared for the students when disciplinary decisions are made against them? Has any decision been reached whereby those who come to renew their registration should not be admitted to the school?"

The lawyers said that they would investigate and bring suit in the regional administrative court and then appeal to the Council of State if the case were dismissed. They also said that, depending on the situation, the turbaned students may also sue for moral injury.

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CSO: 3554/213

## COMMENTARY ARGUES AGAINST CLOSED SOCIETY

Istanbul TERCUMAN in Turkish 26 Feb 87 p 9

[Article by Yilmaz Oztuna in column "Historian's View": "Formation of Cultures"]

[Text] Cultures are national. Their being national does not prevent them from being international or being acknowledged by other nations. The cultures of great nations are like their languages. They have received a great number of elements from foreign cultures and have contributed a great number to them in return. Only an ignorant and tendentious mentality could be so loathsomely prejudiced as to reject words accepted by the collective conscience.

Every word thrown out of the dictionary deprives society of a host of elements of thought as well as individual knowledge. It would never disappear by itself. Take away an "old" word, replace it with a "new" word and see how its meaning is taken away. How many works of our national treasure of literature are thus destroyed...

The give and take culture is fluid and permanent. Only in backward cultures is it stagnant and temporary. The measure of it is tied to national genius. If you do not derive inspiration from elements of your own culture and continually borrow from other cultures, you reach the saturation point and national culture is gravely damaged.

The secret lies in knowing how to avoid becoming a satellite of foreign cultural imperialism, not in ignorance of foreign cultures or failing to make use of them if necessary.

In our history - of 2,500 years - the richest national cultural milieu from the standpoint of its great longevity was that created by the Ottoman Turks. It is one of the few great cultures of world history. We are its natural heirs. Of course, this idea should not cause us to disregard other Turkish cultural environs.

In large measure, culture is based on aesthetics...and aesthetics on beauty, on true taste. Moreover, culture assures national of their true existence, life, continuity and the right to occupy geographic areas of the earth. It both distinguishes men from robots and from other nationalities.

World history is witness to the fact that fanaticism holds a culture back. But lack of patriotism also destroys a culture. Only national culture creates patriotism; there is nothing else that can. The person who admires and loves his national culture is superior to a person who has been cut off from his culture, even if that person is exceptionally learned. To wit, the greatest institution under the aegis of "nations" is the one we call the "state," which survives thanks to people of the former type.

You cannot ignore the Latin, the Christian, the Frank in the French culture--the greatest of the European cultures. Granted, these elements came to it respectively from Italy, Palestine and Germany. But Frenchness was created. And for us--but with different elements--the situation is the same. It is so also for the young Islamic societies striving to create their own cultures.

Pakistan, our closest friend, is an "Islamic Republic." Recently, a deputy in its Assembly said that pants and jacket--and ties--should not be worn because they are adopted from Europe. Another deputy silenced him, saying that pants and jacket are a Turkish invention.

What is the truth? It is complicated, like many other truths. Yes, pants, jacket and handkerchief are Turkish in origin. They were passed from the Turks to the Chinese 2,000 years ago and were taught 1,500 years ago to the Europeans, who only wrapped themselves in robes, by the Huns. But if you were to tell these facts to a European he would be surprised; only specialized historians are aware of them. Today's suit is adopted from Europe by us and by Pakistan. The fact that the Pakistanis do not wear ties while we do is related to climate. In tropical climates the European does not wear a tie either.

To compromise national culture is national betrayal. But to suppose that national culture is a closed box, is to inhibit development.

13334/12913

CSO: 3554/213

## LIVELY DEBATE OF TRNC ECONOMIC PACKAGE REPORTED

Istanbul CUMHURIYET in Turkish 28 Feb 87 p11

[Text] Nicosia -- When I asked the man on the street his occupation I was astonished by the answer: "I am a retiree." He was barely 30, and receiving a TL 80,000 pension. His answer to my second question, "What do you think of the much-debated economic package?" was brief and to the point: "How can a package which can't do much about the Turkish economy be of any use to us?"

The Turkish Republic of Northern Cyprus is in turmoil. The 'new economic package', conceived within the framework of the economic cooperation accord signed between Turkey and TRNC on 5 Dec 86, is being vigorously discussed everywhere. In a rare show of unanimity the opposition parties have dubbed the economic measures as the 'package of ruin'. Republican Turkish Party (CTP) Enterprising People Party (AHP), and Socialist Liberation Party (TKP), have combined under the label 'Democratic Unity' to oppose the economic package.

TRNC President Rauf Denktas, on the other hand, speaking at an economic cooperation meeting attended by businessmen from mainland Turkey, came up with a stern admonishment for the first time when he said: "Those who say 'Turkey has prepared this package to ruin you' are obviously bold people. Where do they get this courage from? Only they know themselves."

It is noted that the opposition's resistance against the economic package has broad-based support behind it. Native small businessmen operating workshops are complaining of rising interest rates. They are apprehensive about foreign capital which is given broad incentives and opportunities to invest. One of the few shoe factories in Northern Cyprus has closed its doors, with the owner taking up the imports business. Other shoe manufactur-



ers asking Denktas whether they should be closing down their factories too. As to the workers, they worry that the cost of living would rise, and in the wake of privatization public companies will lay off workers. The unions are also supportive of the opposition parties (in TRNC even public employees can form unions).

Meanwhile, specific measures of the package are announced one after the other, the latest being the new incentive system whereby Turkish businessmen making touristic investments in TRNC, provided they create at least 30 percent of value added, will be exempted from customs duty for their imports into Turkey. (A new Tourism Incentive Bill is being prepared in TRNC.) It is also announced that corporation tax will be brought down from 42 to 25 percent. The rise in deposit rates to 40 percent 2 weeks ago, 2 notches above the going rate in Turkey, is said to be designed to draw capital from the mainland. Business circles in Nicosia point that people of Northern Cyprus keep substantial amounts of money in Turkish banks.

12466

CSO: 3554/218

## RESEARCH GROUP STUDIES SUPERCONDUCTOR CERAMICS PRODUCTION

Lisbon EXPRESSO in Portuguese 11 Apr 87 p 5

[Excerpts] A group of researchers from the National Laboratory of Engineering and Industrial Technology (LNETI) will begin within the next few weeks to study the new superconductor ceramics identified by IBM researchers in Zurich a few months ago.

The LNETI researchers, who are part of the Group of Physical Chemistry of the Solid State of the chemistry department in Sacavem have been studying the phenomenon of the passage of electricity through various materials for some years; however, they have devoted themselves to organic molecules, which are quite different from the ceramics discovered recently.

"We have already ordered the necessary compounds to make the ceramics three weeks ago," Manuel Leite de Almeida, in charge of the LNETI group, stated to our newspaper. "However, it is probably in one month from now that we shall be able to manufacture them, because one of the consequences of the present race in the superconductors field is that all the necessary ingredients are exhausted."

One of the attractions of these superconductor ceramics is the fact that they are relatively easy to manufacture; it is enough to have available an oven where the pressure and the level of oxygen in the environment can be controlled. Such conditions exist, not only in the LNETI, but also in the University of Aveiro, where another group of researchers is studying the ceramics.

This will not be the first time that the LNETI will study ceramics of this type, because this laboratory has prepared the characteristics of samples for the University of Grenoble in France. This, of course, does not mean that the group hopes to compete with the foreign teams that are trying to discover superconductors and even higher temperatures.

According to Leite de Almeida, "what we shall do in the beginning is study the various techniques for the preparation of the ceramics. It will be difficult for us to be very innovative, as there are tens of groups participating in the race. However, we shall try to be quick and at least keep up with the technology."

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CSO: 3542/91

## ATHENS REPORTED ARMING GREEK CYPRIOT NATIONAL GUARD

Istanbul TERCUMAN in Turkish 7 Feb 87 p 4

[Text] Athens -- It has been learned that General Georgios Politis, commander of the Greek Cypriot National Guard (GCNG), who is of Greek nationality, has visited Athens for the second time in a month to conduct secret meetings with high officials of the military command and other functionaries.

Though not officially confirmed, it is reported that General Politis who was formerly head of the Greek Intelligence Organisation (KYP) as well as military adviser to Papandreu until his appointment as GCNG commander, met in Athens with Deputy Prime Minister and Minister of Defense Haralambopoulos and Chief of General Staff General Kuris, and went back to the island to avoid the glare of public attention.

It is reported that General Politis' visit to Athens had to do with the purchase of Greek-made armaments and military equipment to equip the GCNG. According to Greek sources in Athens the Greek Cypriot government has expressed interest in buying from Greece, among other things, the 'Artemis-30' double-barrelled, radar-controlled anti-aircraft weapon which can shoot 800 rounds per minute; military trucks and jeeps made in Amintion, in northern Greece, by a joint venture with Steyr, an Austrian firm; as well as tank-like armored vehicles with light artillery mounted on top known as 'Leonidas'.

12466

CSO: 3554/118

## HELIOS, SYRACUSE II SATELLITE PROGRAMS DETAILED

Paris LE FIGARO in French 3 Feb 87 p 10

[Article by Jean-Paul Croize]

[Text] France will soon have its own military satellites. The General Directorate for Armaments (DGA) has just gotten the green light to launch two particularly important programs which had been several years in the planning stage, and which Defense Minister Andre Giraud now wants to bring to completion. The first is a space reconnaissance network called Helios, and the second a secret telecommunications system called Syracuse II (see box). France will spend nearly 15 billion francs on these programs in this decade, with the Helios network costing about 7.5 billion and Syracuse II almost as much.

The most spectacular aspect of this authorization, which comes within the scope of choices made pursuant to the new military programming law to be passed this spring, is of course the Helios program, whose first satellite should begin service in the summer of 1993. The project, to be managed by the space vehicle directorate of DGA in collaboration with the National Center for Space Studies (CNES), will provide France with a space observation system comparable, or nearly so, to those used by the Americans and Soviets to keep themselves constantly informed as to everything that occurs on the surface of the planet.

## Tank Tracks

It is thus planned, by means of Ariane rockets, to orbit a number of satellites (one initially and two or three later) which will be "derived as much as possible,"--pursuant to the agreement just concluded with CNES--from the technology of the present Spot system for civilian satellite observation of Earth.

The resolution--or fineness of ground detail visible--to be provided by these spy satellites remains, we suspect, a matter of military secrecy. But according to many experts, the vision of our future spy satellites will permit ground identification, from an orbit of approximately 400 km, of objects

somewhat less than a meter in length. That at least is what can be hoped for on the basis of the simulated altitude performance of a prototype camera already completed for the future Helios system.

The vision of these devices will still be less piercing than that of the best foreign spy satellites because, according to the "confidences" of certain Pentagon figures, American satellites of the Big Bird series permit detection of objects on the order of 20 cm, while on the Soviet side the most acute resolution is in the 50 cm range. In the one case, tank tracks could be discerned; in the other the make of the vehicles themselves could be detected. France, for its part, will perhaps not be able to obtain that kind of detail, but will nonetheless see what is most important--that is, the number of tanks.

Of special significance is the fact that the system adopted by the DGA will make it possible to monitor space at particularly attractive cost figures by using long-lived satellites. In industrial circles it is pointed out that Helios series satellites will have electronic rather than photographic cameras. In accordance with the same principle as that adopted for Spot, the eyes of our future surveillance and reconnaissance satellites will consist of silicon strips which, like those in a video camera, will convert light intensity into electronic signals. This technique, which is also used in the United States for certain surveillance satellites, permits high altitude observation; whereas "photo" type satellites operate in 120 to 180 km orbits, where they can last but a few weeks before falling back to Earth as they are braked by the upper levels of the atmosphere. Video type satellites, by contrast, operate in 400 to 800 km orbit, which allows them to remain on station several years before replacement.

#### Paris-Bonn Exchanges

That principle is all the more promising, on balance, because Spot gives France mastery of practically the whole gamut of technologies needed to perfect this type of satellite.

While CNES will be charged with overall design of the Helios project and will also be responsible for its space component, Aerospatiale will be the prime contractor for the camera system and for ground processing of images, and--as was the case with Spot--Matra will be the prime contractor for the satellites proper. Alcatel Thomson Space and SEP [European Propulsion Company], lastly, will build important subordinate systems for use on board the satellites and on the ground.

The only limitation of such a network is that it will not permit observation of areas masked by bad weather, for like all optical type spy satellites--whether photo or video--its cameras will not be able to penetrate clouds. But it is thought the Helios network will nevertheless give France access to extremely valuable information without the need to rely on American goodwill, particularly regarding all those well sunlit regions of the planet where French interests are present.



In any case, French capacity for space observation could expand through European cooperation. Data from Helios might indeed be given to the FRG in exchange for that gathered by radar type spy satellites which that country is considering building. These would be less clear sighted, and would not make out any ground objects less than 15 m long, but on the other hand they would operate by night as well as in overcast.

The possibility of putting those two complementary observation devices on the same platforms (which would have been Franco-German) was studied, but was rejected because in the present state of the art it would have resulted in excessively heavy satellites, specialists say.

[Box, p 10]

#### Syracuse II: Global Telecommunications

The first satellite of the Syracuse II network should be orbited in July 1991, DGA announces.

As DGA points out, this generation of satellites, which will be "hardened" --that is, equipped with components enabling them better to resist possible aggression, and particularly electromagnetic jamming--will permit marked expansion of military or political communications capabilities provided by Syracuse I, in operation since 1984. The latter only allows communications with ground troops and surface naval vessels. Syracuse II, by contrast, will use but half the repeaters placed on future satellites of the General Telecommunications Directorate. Thus it will be possible to establish protected links of high output useful, for example, in map transmissions, over several frequency ranges, thereby ensuring real time operational command of all three armed forces. In addition to communications with ground troops and naval vessels, it will make it possible to establish permanent links with patrol aircraft, and even with submarines by means of very low frequency transmissions.

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CSO: 3519/88

## INCREASED COMPETITION, NEW MARKETS FOR WEAPONS SALES

## Problems, Advantages

Paris LIBERATION in French 7-8 Mar 87 p 2

[Article by J. Gl.]

[Text] Nothing fluctuates more than the world arms market. It follows very long cycles and is ill-adapted to forecasters' analyses. Yet a few data solidly established over the years are now markedly changing. According to Thursday's FINANCIAL TIMES Britain in 1986 captured France's place as the world's third ranking arms merchant just behind the two immovable superpowers.

British industrialists in 1986 recorded 5 billion pounds worth of military export orders (Fr48.15 billion), while the French registered but Fr 25 billion in foreign orders compared to 61.8 million [as published] in 1984 and 44.5 in 1985 (see LIBERATION 28 Feb). The British surge is explained mainly by the inclusion in 1986 statistics of the very large contract signed late in 1985 with Saudi Arabia for 130 combat aircraft including 72 Tornado fighters at a total cost of about Fr 30 billion.

It would be premature to say that the game is up, but it must be noted that things are going badly. Though formerly ample in volume--so much so that in 1984 they exceeded sales of civilian capital goods (Footnote 1) (In 1984 France sold Fr 61.8 billion worth of military materiel and Fr 56.5 billion worth of civilian capital goods)--French arms exports are now on the decline. Dassault has just decided to discharge over 800 workers, and Aerospatiale has followed suit. All industrialists in the arms sector are feverish and sighing while awaiting a hypothetical upturn which the most optimistic among them do not foresee for four or five years hence.

The end of a golden age? In 1974 arms merchants saw the Middle Eastern buyers arrive in Paris, and hardly believed their eyes. "They wanted everything," one recalls. "We witnessed an extraordinary explosion, for the upsurge of oil prices coincided with that in demand for weaponry. Aircraft, helicopters, missiles, communications systems, radar--nothing was too high-performance, or too expensive!"

After an initial breathless pause the upturn came early in the 1980's following the second oil crisis. Saudi Arabia signed fabulous contracts with the French. First came that known as "Sawari," for a complete navy. Then in 1984 came the contract for the "Shahine" air defense system which brought a Fr 35 billion order to Thomson.

Their battlefield performance is not the only quality appreciated by buyers of "made in France" weapons. Then the world's third ranking arms merchant, France lagged far behind the United States. But it offered a "third choice" of major interest to countries wishing to rely as little as possible on the superpowers and their hampering sponsorship.

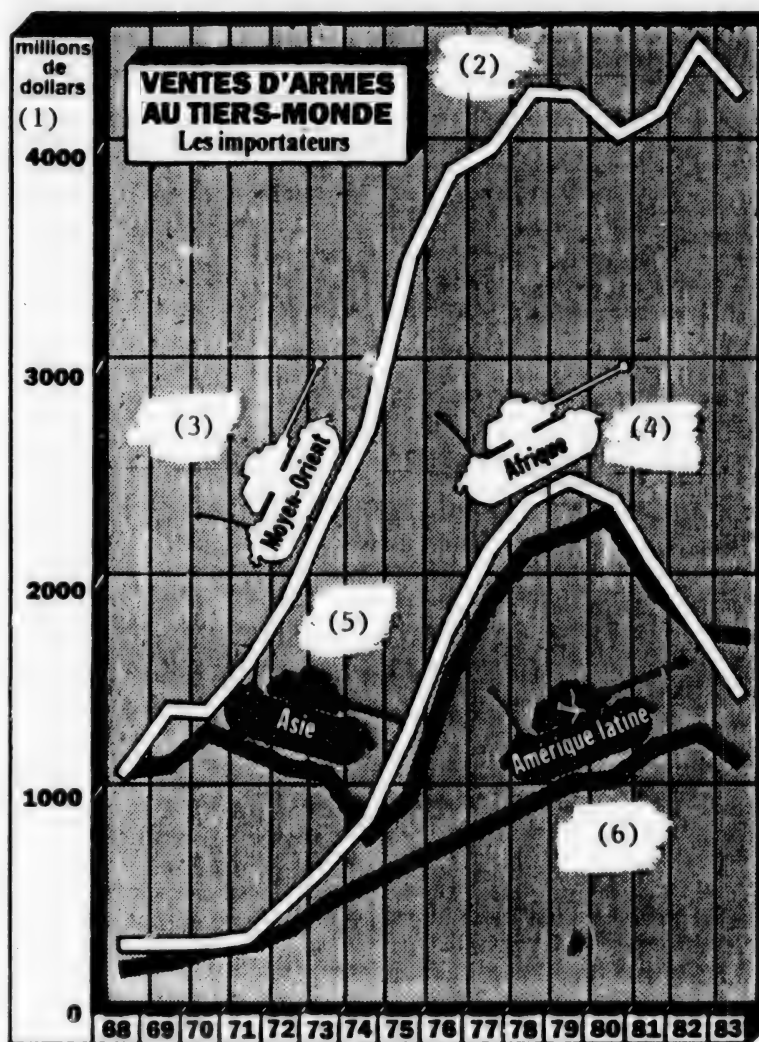
"That is one of the key factors which explains the French success," in the view of economist Pierre Daussage (Footnote 2) (Professor at the School for Higher Commercial Studies and author, in 1986, of "l'Industrie française de l'armement" - Editions Economica). "Provided the government approves, French industrialists are often the only ones who can provide, in practically all categories, weapons equivalent to those produced by the superpowers. When the United States or USSR refuse to sell, the French arrive. That is evident in the case of Iraq." We may recall in this connection that Aerospatiale, which produces Exocet, delivers practically its entire output of that type of missile to the Iraqi Army.

The fact remains that times are hard. The French, who prided themselves on having gained a foothold in the Middle East during the 1970's--in an area which till then had been a closed British preserve--must now ask themselves whether they did not exult in victory too soon. Does the signing of the Tornado contract mark the final end of an era? Henri Conze, engineer and DGA delegate for international affairs, exercises supervision in that capacity over all French arms sales, as did his predecessor Rene Audran. He does not give in to the prevailing pessimism.

True, Dassault did not sell his Mirage 2000's, but he does not think the loss of a contract, however large, should be taken as an example. "The future is very uncertain, but manufacturers should not yield to depression. The markets exist. The question is, when will those clients again have the financial means to modernize their defenses? All Western industrial countries are affected, but France held its own relatively better than the others until 1985. Today, like every else, we are feeling the effects of the international situation, and the market for armaments is subject to considerable uncertainties. Who can say what oil prices will be a year from now?"

According to the latest Defense Ministry figures, 290,000 people are working in the French armaments industry, of whom 85,000 are employed exclusively on export orders. And according to market analyses released by the American Congress no improvement is in sight. In 1985 worldwide arms sales to developing countries amounted to \$21.5 billion, compared to 1982 sales of \$37.4 billion (in uniform 1985 dollars) for a 43 percent decrease.

That drop is in large part explained by the indebtedness of major buyers, by fluctuations in American currency, and by falling oil prices. Will arms merchants—including the French--in the next few years need to reconvert to the manufacture of pots and pans or bicycles? Nothing at present suggests that, but the arms sector of the economy will surely have to find defenses if it is to face up to decisive deadlines.



Key:

- |   |                  |
|---|------------------|
| 1. Millions of dollars                  | 4. Africa        |
| 2. Arms sales to Third World: Importers | 5. Asia          |
| 3. Middle East                          | 6. Latin America |

## South East Asian Market

Paris LIBERATION in French 7-8 Mar 87 p 3

[Article by Jean Guisnel]

[Text] French arms makers say they were not taken aback by recent developments in the arms trade. As proof, they cite initiatives taken in three fields: the search for new markets, increased international cooperation in production of future weapons, and "sacrifices" henceforth accepted in the matter of clearing agreements.

Following a decade in which the Middle East bought up to 75 percent of the armaments exported by France, manufacturers have had to ferret out new host countries for their wares. Some had thought of the problem very early: thus Thomson was able to respond in time to calls for bids by the U.S. Army, which planned to obtain communications equipment abroad, and to carry off the contract with its RITA system. (Footnote 1) (A \$4 billion contract was signed in November 1985 for the Integrated Automatic Transmissions Network (RITA))

From now on, all arms builders will seek footholds in industrialized countries, where competition is fierce and costs are extremely high, but where results are very favorable. There buyers are solvent, calls for bids concern very sophisticated materiel with a high value-added factor, and contracts can involve large sums.

For the past few months French VRP's, with DGA support, have been heading for Southeast Asia. Is that a good bet? Opinions are divided. Korea or Taiwan, Japan or Thailand are more or less American preserves.

But an official of a large French firm considers there is no other choice. "In Asia we have not seen the same breakdown as in the Middle East or South America. So we are increasing our efforts there this year, and not only by concentrating on prestigious contracts. We must also pay attention to the weapons we offer. When Dassault goes all out to sell Mirage 2000's to Pakistan, with government support, we do not think that is a good thing, because the Americans have the edge with their F 16. On the other hand, we think it would be possible to sell them ships..."

The French offer their customers favorable credit terms. Although this matter is considered confidential, it appears that manufacturers are authorized--in order to obtain the government's guarantee--to negotiate credit terms over periods of 7 or 8 years, at rates sometimes less than 8 percent, and applicable to 70-85 percent of the total contract price. But the Americans do much better with their Foreign Military Sales, to the great detriment of their French competitors: credit terms can cover the total contract price, at rates close to 3 percent, and are payable in 30 years, at times with 10 years' grace.



One solution--which Defense Minister Andre Giraud does not refrain from proposing anew at every opportunity--no doubt lies in international cooperation among arms manufacturers.

The failure of the European fighter aircraft, and the difficulties met with by the Franco-German helicopter, should not blind us to certain successes. The Franco-German missiles produced by the Euromissiles consortium (Footnote 2) (It associates Aerospatiale /National Industrial Aerospace Co./ with Messerschmidt-Bolkow-Blohm.) are a success. Thomson is working with the Italian firm Selenia and the British firm Marconi on the multifunction radar system for future NATO frigates. MATRA /Mechanics, Aviation, and Traction Co./ has just proposed a new naval weapon to be co-produced with the Italian firm d'Ota-Melara. All say there is no reason for such cooperation to stop.

The only problem, according to manufacturers, concerns clearing agreements and technology agreements. To sell Mirage 2000's to Greece, Dassault had to contract to sell Corinth grapes by the ton, and he became a travel agent to sell trips to that country to French tourists. Hard--but anecdotal.

Feared above all by arms manufacturers are the technology transfers asked by developing countries as a price for their possible orders. By asking the French to help them set up their own defense industries, those countries are clearly preparing to become new competitors--as Brazil, China, Spain and others already are. "Such future threats are indeed our dilemma," concludes one manufacturer, but "our solution is always to stay one or two metros ahead, in case those countries have trouble acquiring our know-how or our industrial power..."

#### Socialist Policy Shift

Paris LIBERATION in French 7-8 Mar 87 p 3

[Editorial by Pierre Briancon: "Firepower"]

/Text/ Not least among the agonizing reappraisals made by the Left since coming to power early in this decade is that concerning the attitude to be taken on arms sales. It was also the most quickly made: for right after his first Le Bourget air show--where the aircraft he came to see had to be disarmed--Mitterrand very quickly gave in to several arguments.

First, in order to build one's own weapons one must make massive arms sales abroad, for only long production runs pay off. Secondly, in the alternative sometimes seen as a choice between the American plague and the Soviet cholera, some countries might prefer a third way. In short, there was a loophole fortunately coinciding with speeches about independence. And incidentally, foreign trade, employment, and statistics harmoniously linked broad principles with big business.

French arms sales and orders taken by arms builders fell significantly in 1986, to the benefit of Britain, which became the world's third ranking arms merchant, just behind the two superpowers. The world economic game is virtually a draw, for what was gained in imports when oil prices were dropping was lost in exports to customers who lived by the ups and downs of the oil barrel.

When OPEC is in debt to the outside world the emirs no longer buy with their eyes closed. And other arms makers have arisen elsewhere, in a few new countries such as Brazil. Competition is as lively in the arms trade as it once was in textiles--with what results we know for the French in that industry. It is all the more telling since the difficulties arise in one of the few ultrahigh performing sectors of French foreign trade.

If the present trend continues, it is difficult to believe its consequences will be limited to a few tens of billions of francs. A few somewhat romantic flights of fancy may make it seem regrettable that in one part of the planet or another the renowned "policy of France" is limited to that of a "cannonmonger." But that would be to forget, a bit too fast, that we can have no other policy than that deriving from our power--that is, from our arms: those we possess and those we sell.

And that is so whatever the esteem in which we may hold, in other respects, the foreign policies of Norway or Austria.

6145

CSO: 3519/88

## NATO MILITARY-CIVILIAN EXERCISE THWARTS HYPOTETICAL ENEMY

## 'World War III' Starts

Lisbon SEMINARIO in Portuguese 14 May 87 p 3

[Article by Jose Pedro Barreto: "War Began, Portugal Is Target for Nuclear Bomb"]

[Text] Moscow, late February--It is still very cold and the citizens move sleepily toward their jobs. They wait eagerly for the beginning of the evening so that they can line up before the stores crowned with the sign "wine," because only then is the sale of vodka allowed. Some grumble against the antialcohol campaign of Mikhail Gorbachev. They do not notice an unusual movement of limousines running at high speed through the streets.

As time passes by, the presence of the police increases around principal points. From KGB Headquarters in Drzherjinsky Square discreet units depart. A silent drama is taking place inside the Kremlin walls. By the end of the day everything has been consummated: Mikhail Gorbachev is under arrest, the hardliners of the party have seized power. Why? So that for once and for all everything will be decided. In following days the process accelerates: wholesale arrests, a sudden worsening of the international situation, tension increases in all critical points of the globe. Diplomats of the principal powers are aroused, they exchange telegrams and consult each other. The situation deteriorates irremediably.

At dawn on 4 March, what everyone feared but no one wanted to believe, took place. Warsaw Pact forces violated Yugoslav territory and attacked the southern flank of NATO in northern Italy. The advance was overwhelming and only the resistance of some units, among which are the 4,000 Portuguese of the Independent Mixed Brigade, manage to delay it. However, almost simultaneously there is an attack on the northern front. Within a few hours Finland and Norway are occupied. With the pincers closed on Europe, the allied forces, among which 300,000 U.S. soldiers, are going to bear the headon attack in Germany, the last act in an all-out offensive.

It is World War III. The escalation is inevitable in view of the superiority in conventional forces of the Warsaw Pact countries, which are ready to resolve things rather than give time for the arrival of U.S. reinforcements. Soviet nuclear submarines prowl the Atlantic like wolves and are

going to complete the encirclement of the Old Continent. The danger to Portugal comes from the sea, the land front is still far away, beyond the Pyrenees.

#### Everyone Convoked

Reacting rapidly, the Portuguese Parliament meets within a few hours and decrees the state of emergency, followed by a state of seige. The crisis agencies work in continuous sessions in permanent liaison with the allies. Finally, a state of war and general mobilization is decreed. Having begun by calling up all males up to 30 years of age, as of yesterday the 13th, all the male population up to 45 years of age is called up.

Rights, freedoms and formal safeguards are suspended. Strikes are not allowed and newspapers are under the control of the authorities. Food and fuel are rationed and private vehicles may only travel in the morning and at the end of the afternoon. The Lisbon and Porto stock exchanges are closed, as are all exchange markets. Bank withdrawals are limited to 20,000 escudos per day. The state halted payment of interest on its obligations and incurred a large domestic loan.

"Spend Less, Produce More," the slogan is hammered home continuously by the radio and television, which issues successive programs to arouse the people's awareness. The national air transportation fleet has been idled and the aircraft are distributed among the four airports of the country: Lisbon, Porto, Faro and Azores. Moreover, international air space is already impassable and is reserved for military operations, which brings an additional problem to our country: How to take care of the large-scale return of immigrants, a wave that panic caused from the first day of hostilities? Up to now nearly 300,000 have returned and the Portuguese Government, together with Spanish and French authorities, are trying to arrange ground transportation for the remainder.

#### Air Force Effort

It is on the Portuguese Air Force that a large part of the effort for defending the crucial points of the territory will fall: the Atlantic Archipelages, Lisbon and the Setubal Peninsula. The A-7's take off for action, antisubmarine war units pursue Soviet naval units. It is a terrible, vital battle, whenever possible in cooperation with the allies. Moreover, the decision making centers are gathered -- in a place that SEMANARIO could not determine and, even if it had could not reveal since it is subject to the provisions of the state of war--, maintaining permanent contact with NATO commands.

However, the situation becomes more and more critical. A wave of sabotage races through the country, affecting vital points such as munitions storage, military materiel depots, communications centers and industrial installations. The Marconi and Quimigal installations were already severely

damaged by bomb attacks. However, the greatest test is yet to come: The escalation of the war in Europe has already gone beyond the conventional phase. Everything indicates that the Warsaw Pact will launch a generalized nuclear offensive tomorrow that will include Portuguese territory.

Obviously, the exact point of impact is not known. It will certainly be at a vital point, since modern NATO and Warsaw Pact vectors allow great accuracy. The Azores, because of their strategic location, are a priority target, as is Lisbon on the continent.

In view of these prospects, the situation appears filled with uncertainty. The only civilian evacuation plan existing in Portugal dates from the 50's and in it is stipulated that the population move out on foot, by its own means. There are no antinuclear shelters and the only means of defense available to the citizens are the public and private basements and the subway in Lisbon. The authorities have no illusions. They expect a wave of panic of consequences difficult to calculate. Appeals to calm are going to appear and it only remains to hope they will have some effect.

#### Everything Will End on Tuesday

This war will end next Tuesday the 17th. It is not known how. The commands of the Atlantic Alliance that invented the arguments for the NATO Wintex-Cimex exercises, to take place between last 4 March and that date are adopting decisions and "injecting" incidents into the action as a way of testing the capabilities of the Alliance.

The exercises involve all the countries of the Alliance, with the exclusion of France and Spain, who are not a member of its military structure. In Portugal it is the first time that political power is involved in the action in coordination with the military structures. Recently, headquarters of the armed forces staff was visited by students of the course of Auditors of the National Defense Institute, to whom a briefing was given on the progress of the exercises.

Political coordination of Portuguese actions in Wintex-Cimex, according to SEMANARIO sources, is about to introduce into the exercise "factors that lead to attracting attention to the specific shortcomings and political interests of Portugal, relative to which the allies under other circumstances may not have been so aware." Pedro Santana Lopes has been acting as "prime minister" in the Portuguese "cabinet," while Antonio Martins da Cruz, the diplomatic adviser to the prime minister, acts as "minister of foreign affairs" and General Altino de Magalhaes as "minister of defense." Up to now only notes praising Portuguese participation have come from the Brussels allied commands.



## NATO Exercise Ends

Lisbon SEMANARIO in Portuguese 21 Mar 87 p 3

[Article by Ricardo Sa Gomes: "NATO Nuclear Threat Thwarted Warsaw Pact"]

[Excerpt] With the nuclear ultimatum NATO sent to the political-military commands of the Warsaw Pact on the 17th, the latter withdrew their conventional forces and the conflict ceased. Nuclear war, however, was only a hairbreadth away.

Wintex-Cimex, a civilian-military cooperation exercise that is held on odd years, covering the entire civilian-military structure of NATO, ended this week.

## Strategist Poses Other Scenarios

Lisbon SEMANARIO in Portuguese 21 Mar 87 p 3

[Interview with Commander Virgilio de Carvalho, specialist in military strategy; place, date and time not given]

[Text] SEMANARIO: What do you think of the scenario selected for the NATO exercise already mentioned by SEMANARIO on 14/3/87--the invasion of West Europe by Warsaw Pact conventional forces by the South, North and Center Fronts, after the seizure of power in Moscow by "hardliners" of the Soviet regime?

Virgilio de Carvalho: It is one of the worse possible hypotheses because of the consequences it would have for the West and for the world. The selection of such a scenario is understood, however. It is for the purpose, through the exercise on paper, such as the case of the aforementioned Wintex-Cimex, of contributing to the deterrence of such a dangerous hypothesis by showing that the Atlantic Alliance is alert and in addition has the means, organization and determination for confronting and handling the worst.

SEMANARIO: Do you think that the USSR would run the risk of starting a conventional war that could escalate into a nuclear war?

Virgilio de Carvalho: Despite the fact that there are those in the USSR who accept the hypothesis of waging a nuclear war and winning it, the fact is that the conviction prevails in the USSR today that there could be neither winners nor losers. And the circumstance that NATO does not desist from considering that it will be the first to resort to nuclear weapons to contain a possible conventional offensive by the Warsaw Pact, primarily on the Central Front, confers on this possibility a degree of uncertainty that can be feared. This is particularly so when it is in the FRG that almost all the U.S. troops in Europe are stationed. Add to this the fact that the

Pershing II missiles installed in the FRG, because of their great accuracy, could halt a conventional offensive, neutralizing logistic support points and essential command bodies in the Warsaw Pact rearguard.

This means that even if the objective of the USSR continued to be that of leading West Europe to surrender by force, it would not be sure that such strategy would be suitable or workable. However, primarily it is unlikely that it could be acceptable since its probably calamitous consequences would not be compatible with the importance of the objective. More so because to the very high cost of human and material damage, it would be necessary to add future difficulties of military occupation and economic recovery in an environment of socioeconomic instability and resistance.

SEMANARIO: But are there more probable scenarios than those mentioned?

Virgilio de Carvalho: In case the USSR tried to use force to overcome West Europe, there would be another strategy that some Soviet military thinkers have at times advocated in military magazines as a more suitable, more workable and more acceptable hypothesis. It would be that of seeking to neutralize the possibility of a quick military reinforcement by the United States in Europe by means of sabotage and bombing of ships, ports, shipyards and airports; the mining of ports and their accesses, and so forth, keeping in mind that this very capability for reinforcement dictated the success of the maritime allies in the wars of 1914-1918 and 1939-1945. Once West Europe is isolated from the United States of America and Canada, its neutralization could be achieved with less danger of nuclear war and escalation.

SEMANARIO: Which of the scenarios mentioned would have more effects on Portugal?

Virgilio de Carvalho: The second, since that the hypothesis of the neutralization of rapid reinforcement of Europe presents risks to the large Portuguese ports, ships, shipyards, airports and surrounding population. NATO considers submarines as the principal threat in this hypothesis, not only those armed with sea to ground cruise missiles (not necessarily with nuclear warheads), but also those armed with antiship missiles, torpedoes and mines, not discarding the hypothesis of the threat of long range aircraft armed with long range air to ground or air to ship missiles and with mines. For that reason, exercises such as Wintex-Cimex will certainly contribute to showing the need that Portugal also have organization, legislation, instruction and political-military training for serious crises and war, civilian and emergency planning; that it have military defense means, particularly for the aerial and antiaircraft defense of its territory, for antisubmarine warfare (specialized ships and aircraft) and for mine war. Not that the necessarily limited Portuguese military means by themselves can be enough for defending the country against a superpower, but so that including allied reinforcements in case of war, and making them unnecessary in time of peace in our national territory and air and maritime space, Portuguese sovereignty shall be preserved.

8908

CSO: 3542/80

## DEFENSE MINISTER SPEAKS ON NATO MATTERS

Lisbon DIARIO DE NOTICIAS in Portuguese 1 Apr 87 p 4

[Text] In military matters, that which Portugal has granted to the United States, France and the Federal Republic of Germany "is more than we have received," said Minister of National Defense Leonardo Ribeiro de Almeida.

The minister was speaking to a group of newsmen from several NATO countries who are in Portugal to inform themselves about our defense policy and participation by the country in the Atlantic Alliance.

Speaking on the overall military facilities granted by Portugal in the bilateral aspect to the aforementioned three NATO countries, Ribeiro de Almeida declared that the facilities granted have a greater value than the compensations provided by the allies.

Within the framework of NATO, the minister of defense said that the economically stronger countries "should help the countries of the southern flank, not only from the military point of view, but also economically." In the case of Portugal, Ribeiro de Almeida referred specifically to help in the area of defense industries.

The group of newsmen, among them two Portuguese, was later received by Chief of the General Staff Lemos Ferreira. At that time he emphasized that the transfer of the Azores Zone from the NATO command with headquarters in the United States (Westland) to Iberlant Command (with headquarters in Oeiras) "is a necessity" which must be accomplished.

Both the minister and the general emphasized the need to reequip the Portuguese armed forces so that they may carry out the missions that are given to them in NATO, missions that cannot be increased if the allies do not help Portugal.

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CSO: 3542/80

## GENERAL STAFF CHIEF ON SPANISH BASES, SDI FUTURE

Lisbon O JORNAL in Portuguese 20 Mar 87 p 14

[Interview with General Lemos Ferreira, Chief of the Portuguese Armed Forces General Staff, by O JORNAL; date and place not given]

[Text] General Lemos Ferreira, who was recently reappointed as Chief of the Armed Forces General Staff, answered a question having to do with the hypothetical transfer to Portugal of the 72 F-16's of the US Air Force based in Torrejon near Madrid. That question has been asked repeatedly because of the difficult negotiations between Madrid and Washington in renewing the agreement on US military bases in Spain, agreement which ends next year.

O JORNAL: What are the main objectives for the second phase of your term?

General Lemos Ferreira: I believe that it is not a matter of a second phase but rather a continuation of a work aimed at contributing to the improvement of the Portuguese military as a whole in its various components, and covering in as coherent a manner as possible the greatest number of sectors that lack progress and a more rapid development.

Therefore, the questions of an operational order, logistics problems, matters having to do with personnel, the creation of a Data System for Budget Planning and Scheduling (SIPPO), and so forth, represent areas of effort in which we will continue to devote the greatest attention and direct involvement as the armed forces chief of the general staff, in close coordination with the chiefs of staff of the branches.

Relationship with Bodies of Sovereignty

O JORNAL: How do you see the present situation from the point of view of the relationships between the military institution with the bodies of sovereignty of the country? Have they encountered some obstacles. Which ones?

General Lemos Ferreira: In the development of the structures stipulated in the National Defense Law and of the Armed Forces approved at the end of 1982, it was noted that we have now reached their conclusion, since the country now has all the conceptual part legally required: Great Strategic Options, Strategic Concept of National Defense and Military Strategic

Concept, as well as the establishment and descriptions of the specific missions of the armed forces, systems of forces resulting from those requirements and the pertinent territorial deployment.

Under these circumstances, and also keeping in mind the preparation of I Law of Military Scheduling applicable to the 1987-1991 5-year period, it is very natural that the possible points in doubt or susceptible to controversial interpretations began to disappear, making questions of relationships with the various bodies of sovereignty to become more objective, easy and functional.

While there never existed any type of complex problem having to do with the military area, at present the situation is even better, which can only be of benefit for the nation.

O JORNAL: Do you consider the concerns, that led you to adopt a position of criticism with respect to the autonomy process of the Azores, to have passed?

General Lemos Ferreira: Neither the armed forces nor their leaders, directly or indirectly, create any type of difficulty to that which is contained in the Constitution of the Portuguese Republic, the basic law that everyone is obliged to observe in the various matters it covers. On the other hand, it is not our responsibility or place to issue value judgements or any others voluntarily with respect to those types of matters.

O JORNAL: The possibility has been mentioned about the F-16's based in Torrejon being transferred to Portugal. Regardless of political questions that such a hypothesis may bring up, I would like to know whether there is an infrastructure suitable for the operation of that type of aircraft in Portugal and where it is. If such a hypothesis were to become a reality, do you believe that the position of Portugal in NATO would be strengthened?

General Lemos Ferreira: Spanish-American negotiations underway do not tell us anything on the subject, therefore, there are no comments to make. From the strictly technical point of view it can be said, however, that there are several Portuguese aeronautical infrastructures with the basic conditions for being able to receive, after the necessary adaptations, any type of modern combat aircraft, among which could be included the F-16. However, this not being the root of the question, any attempt at projecting scenarios without any known foundation is necessarily lacking in realism and legitimacy.

#### The Strategic Defense Initiative May Interest Portugal

O JORNAL: Do you believe it is desirable that Portugal participate in the technological programs of the Strategic Defense Initiative? What advantages could that bring to the country at the military level?



General Lemos Ferreira: In the fields of technological research and development, according to repeated public statements made by the most different officials, there appear to be no doubts as to the advantages, I would even say there is an undeniable need for Portugal's participation, at its own level, in the projects in which is a clear national interest, an area which obviously includes the field of defense.

In this manner, the path to be travelled brings with it a prior analysis and evaluation of what we are trying to do and the establishment of its substantiation and its priority, maintaining existing hypotheses and viabilities as reference points in coordination with possible available resources.

It is within this framework, and with the certainty that we need all the drive and zeal of which we are capable within the area of applied technological research and development, setting in motion universities and specific institutes such as the LNETI (National Engineering and Industrial Technology Laboratory) and so forth, industry and the official agencies most directly linked to these matters, that the question should be basically considered within the framework of existing awareness that we can, and must, do much more.

Moreover, as a simple personal opinion, I said that from what I can see, although within a limited framework and within the duties I perform, this state of mind already appears to be a constant, a condition which has been an incentive to Portuguese participation in several projects within the context of the great programs "ESPRIT" and "EUREKA," among several others.

According to this objective perception of realities, if programs of national interest appear in the overall collection of many matters covered in what has been agreed to designate as the U.S. Strategic Defense Initiative, there do not appear to be technical reasons why Portugal cannot participate in what is in its interests, regardless of the specific sector that may be selected.

As a final comment, without technological research and development our general backwardness would become accentuated and in this particular, national defense is one of the sectors of greatest vulnerability and sensitivity because of this basic lack.

"To Wait for the Good Intentions of Others..."

O JORNAL: NATO recently debated the means of helping allied countries whose defense industries are less developed. What type of support, in your opinion, is best adapted to the present needs and possibilities of our country?

General Lemos Ferreira: No one can help us better than we can help ourselves and that hackneyed truth is not always understood with all the crudeness behind it.

To wait for the good intentions of others with respect to us is in itself a great national vulnerability. Portugal, the nation, needs a suitable industrial development in keeping with a number of parameters that in principle must be the result of evaluations of a political, national and community nature, of vectors of economic type, and of an independent and aided financial capability.

Within the context of NATO, as is known, because of the continuous escalation of costs and growing technological complexity that characterizes the great majority of present equipment and weapons systems, the undertaking of joint projects and programs involving several allied countries has been a common practice in past years.

This is the way the program of the Tornado aircraft, the future combat aircraft, emerged; the frigate of the 90's, and so forth, among several others that could also be presented as examples.

Given our reduced technical, industrial and financial resource capabilities, Portugal has not participated up to now in projects and programs of great scale and, perhaps because of backwardness, it has also been absent when there have been other possibilities nearer to our potentials.

In the aftermath of what I have said before with respect to the questions associated with technological research and development, also within the context of NATO, we should seek to participate in projects where there is a clear national interest and it is believed that this is also the understanding of higher authorities.

In addition to the prolonged discussion of the subject, which is proper for an alliance made up of 16 sovereign states, it is believed that in our bilateral relationships we must continue to insist to our main allies, in the sequence that they have taken place up to now, that they produce in the most significant way possible, contracts for services and for industrial orders in selected sectors that do not require transfers of technology or increases in production, given the inherent limitations of the Portuguese domestic market.

In our opinion, this type of contribution perhaps represents the most realistic means of support that can be given us by our main allies, although without prejudice to what was said by me initially, that is, the greatest help possible comes from ourselves and not from others.

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CSO: 3542/78

## ARMS MERCHANT ON PROBLEMS OF ARMAMENT COMPANIES

## Prolonged Litigation

Lisbon SEMANARIO in Portuguese 14 Mar 87 p 8

[Article by Afonso Camoes: "Armament Industry on Verge of Collapse"]

[Text] Commercial litigation between the two largest Portuguese armaments companies, INDEP (National Defense Industries, State Company) and the SPE (Portuguese Explosives Corporation, SARL), appears to worsen and aggravate even more the already serious crisis of the sector that was the real money tree of the 60's and which has primarily survived because of the export of weapons demanded by the Middle East conflict.

That commercial litigation, which has been dragging on for months and has led to the loss of orders for both companies, is even stranger because INDEP is a majority stockholder (with nearly 51 percent of the stock) in SPE.

## Legal Action

INDEP management, responsible for the recent firing of the chairman of the administrative council of SPE, Engineer Carlos Viegas, was absent again last Tuesday, 10 March, from an extraordinary general assembly of the corporation called by a group of private stockholders for discussing the conflict between the two companies. This was scheduled for last 30 January after the dismissal of Carlos Viegas, who, we found out, has initiated legal action against INDEP, for whom he held the position of administrator of SPE since the end of June 1981.

The worsening of relations between the two companies and of the financial situation of each of them--they are complementary and dependent on each other--began with the competition, lost by both of them, for a large contract for supplying Iran with 80 millimeter 43 cartridges.

Engineer Carlos Viegas, already replaced in his position by Colonel Leal Machado, believes he was fired "without just cause" and, according to sources in Portuguese armaments sales, he accuses INDEP of having killed an SEP contract with Iran after the first Portuguese company, which manufactures arms and munitions, was "unable to insure (for more than 7 months)

The situation of imminent collapse of the company, which owes around 3.5 million contos (300,000 of them to SPE), and has daily financial costs of around 3,000 contos, translates into a lack of solvency and credit for the purchase of raw materials--factors that are reflected in a decline in competitiveness and in the dramatic lack of a sure portfolio of orders.

On the other hand, this crisis coincides with an international period that does not favor but prejudices our armaments industry. According to sources of this sector, the decline in the value of the dollar (money with which our usual customers pay us), the subsequent revaluating of European currencies (with which we pay our raw material suppliers), and the decline in the price of petroleum (principal source of revenues for our principal customers, Iran and Iraq), are decisive factors in the restriction of activities of INDEP, which is unable to satisfy financial commitments and collect part of its credit to Iran and Iraq, some of which is nearly 2 years old.

#### Illegal Sales Denied

Lisbon EXPRESSO in Portuguese 4 Apr 87 pp 32 R-34 R

[Interview with Arms Merchant Marcelino de Brito by Jose Judice: "Selling Weapons is like Selling Shoes." First paragraph is EXPRESSO introductory material]

[Excerpts] He is one of the major Portuguese arms dealers and up to now was a partner-manager of the company that sold weapons and munitions allegedly rerouted to the "contras" of Nicaragua. He decided to break his silence and openly and publicly defend the legality of his business. He spares no argument in doing this.

Marcelino de Brito, one of the major Portuguese dealers in weapons, was until this week the partner-manager of DEFEX, a company that sold weapons and munitions to Guatemala, which allegedly were then rerouted to the "contras" of Nicaragua by President Reagan's advisers.

EXPRESSO: What is an arms dealer?

Marcelino de Brito: Basically, I consider myself a man who collaborates with either national or foreign industries.

EXPRESSO: Is Portugal an important point in the sale of arms?

Marcelino de Brito: No. Portugal represents 0.08 percent, if that much, in the international sales of arms. We do not have an industry capable of competing with any European industry and at this moment not even with an Asian or South American.

EXPRESSO: However, there are arms dealers in Portugal who have a dimension that is greater than that of the country and who do business internationally.

the collection of a cash payment and banking conditions (letter of credit) on a contract for supplying the same merchandise to the same customer but at a higher price."

#### Political Contradiction

On the surface that conflict seems to be limited to a case of business with merely administrative and financial aspects. However, as will be seen further on, it has primarily political overtones and reveals the delays by the government in resolving the contradictions between the goals established in the Defense Strategic Concept, which calls for the strengthening of our arms industries, and the situation of imminent collapse in which the state company of the sector finds itself.

Portuguese armaments sales circles say that an overall plan for the administration of INDEP for its reorganization and revitalization was delivered to the government months ago but up to now it has not received from the responsible agency (Ministry of Defense) a reply with the necessary means for its implementation.

This delay in solution by the government, together with the aggravation of the conflict with the corporation of which the INDEP is the majority stockholder, has led the administrators of the state company to "place their jobs at the disposal of the Ministry of Defense," an intention of resignation that was communicated to Minister of State Silveira Godhino and was confirmed to us by sources from the pertinent ministry.

Appointed in November 1984 by then Minister of Defense Mota Pinto, with Mario Soares as prime minister, the administration of INDEP is made up by an executive core of officers linked to the old group of advisers of deceased Minister Adelino Amaro da Costa--General Casimiro Proenca (chairman), Brigadiers Francisco Freire and Reis Mascarenhas and Colonel Alves Da Cruz--and it also consists of Colonels Castelo Branco and Casanova Ferreira and Professor Carvalho Rodrigues of the LNETI, as advisers.

#### PC Advances

Without a positive reply from the government to the reorganization plan that was proposed to it, "the administration does not have the means for exercising its mandate," (which ends next November), moreover, taking advantage of the declared situation of internal crisis, the PCP [Portuguese Communist Party] which has a strong and traditional presence in this industry, "is about to take over the key positions" of the INDEP, a source in the company told us, fearing that "the present impasse and the possible appointment of new managers, perhaps less experienced in the sector, will accentuate the gradual increase in the assertion of communist control" in decisive points in the production chain.



Marcelino de Brito: That is my case. There may be others, I have no idea who, I am not concerned with knowing what everyone does. In my case, obviously, I am. I could not live with the dimension the country has.

EXPRESSO: Business in war materiel is the same as any other business? Like selling shoes?

Marcelino de Brito: From the business point of view, it is. Obviously it has implications from the political point of view. Fitting shoes does not. But I want to say the following: Portugal, in that aspect, is a privileged country. We have no capability for influencing international politics nor are there wars that stop or advance due to Portuguese production. In a business sense, as I told you, it is like selling shoes. Naturally, it has political influence, obviously it does, but there we have the Ministry of Foreign Affairs for that purpose, which establishes whether or not sales can be made to a certain country.

EXPRESSO: You have customers throughout the world? In the countries of the East? In the countries of the Third World? In African countries?

Marcelino de Brito: Naturally, well, it is not possible to sell to countries of the East.

EXPRESSO: But do you buy from countries of the East?

Marcelino de Brito: Naturally, I buy from countries of the East, just as I may buy from any other country that has good business conditions and offers the quality the customers require.

EXPRESSO: Do you buy from countries of the East to sell, for example, to countries where there are regimes of the right?

Marcelino de Brito: I understand the scope of your question, but as you can understand I am not going to reply to that, just as I do not tell you who my customers are. Those are secrets of the profession. You also obtain certain information and you are not going to reveal it. I will say that I sell to all the countries where the "Certificates of Final User" I present are accepted by the governments.

EXPRESSO: This activity of the arms business is always surrounded by mystery. There is a great political susceptibility beyond that of the normal secrecy of all businesses. Does that mystery not also serve to hide the existence of illegal deals?

Marcelino de Brito: If there are illegal deals in the sales of armament, I must tell you that I personally do not know of them because if someone were to come and speak to me about those questions I would purely and simply refuse to hear them. I will say that there could be. I do not say there are none. That question is being investigated.

XPRESSO: You have never made a deal in which you had doubts?

Marcelino de Brito: No.

XPRESSO: There were never any questions of that type?

Marcelino de Brito: No. No, for a very simple reason: First, I have to know who the customer is. Officially, contact has to be made with me first and then I present conditions. Otherwise I do not supply anything or make offers to anyone. I work only with factories. I do not work with middlemen.

XPRESSO: Is much money made in selling weapons?

Marcelino de Brito: Less than what is thought. The international weapons trade has competition. I have my competitors and it is not because I have prettier eyes than the rest that customers are going to buy from me. It is because I offer sales conditions that are attractive to the customers. Otherwise, they will not buy from me. Money is made, obviously, but not always the amounts that many people think.

XPRESSO: If there someone who places restrictions on the arms business at the political level?

Marcelino de Brito: I am not aware of any restriction at the government level. On the contrary, the defense industry has been encouraged.

XPRESSO: What type of materiel is manufactured in Portugal?

Marcelino de Brito: When it is said that Portugal manufactures obsolete things that is not correct. What we manufacture, we manufacture very well and from the point of view of quality we are the best in the world. Why does the Portuguese press not speak of that? Look at what is happening in France. The French caused Qhadhafi to beat a retreat from Chad and the French press is promoting a missile, the Milan, in a frightening manner, the same way they publicized the Exocet during the Malvinas War. They are newsmen. Does that mean the Milans and Exocets do not kill anyone and only the Portuguese bullets kill?

XPRESSO: Is your main activity at this time in DEFEX?

Marcelino de Brito: No, I am going to leave DEFEX for reasons of incompatibility. I have directed my life in another direction because I have to eat and I have to live.

XPRESSO: Are you going to sell your share in DEFEX?

Marcelino de Brito: I will sell providing they pay me what I think my share is worth. At any rate, I ceased to be the manager of DEFEX as of 31 March.

EXPRESSO: DEFEX was said to have been the contact in Portugal for the purchase of weapons that supposedly went to the "Contras." Were you aware of that deal?

Marcelino de Brito: I certainly was. But first I want to tell you that DEFEX was mentioned so much only because this is Portugal and because of the pettiness that we have here on earth. In the second place, DEFEX did not sell a single weapon to the "Contras." DEFEX very certainly sold weapons to Guatemala. That is the end of it. There is nothing more to say. Let there be an end for once and for all to that speculation. DEFEX received a certain order for material from a certain country with whom Portugal has diplomatic relations. Authorization was granted for exports to that country and there was strictly no other involvement by anyone. The documents required for exports of war materiel from Portugal were presented, and those documents, which are real, were considered as such. The exports were made with that destination, period.

EXPRESSO: Having left DEFEX, what are you going to do?

Marcelino de Brito: The same thing I am doing, which is the only thing I know how to do. I am going to continue my business internationally and at a domestic level, seeking to make a contribution to the national defense industry.

EXPRESSO: How?

Marcelino de Brito: Obviously, in order to do that one has to have an interest in it. I spent 18 or 19 years in the industry. It seems unlikely but those things happen. I do not even know whether tomorrow I will be in the industry in Portugal. I have ideas and hopes. All depends, naturally, on government decisions. I agree with the statements made by Cavaco Silva to EXPRESSO on this question, but I would like to add something: The Portuguese industry actually needs a reorganization; it has to be modernized, but in order to do that money has to be invested, a lot of money. Cavaco Silva does not say that.

EXPRESSO: Is there a specific plan for the national defense industries?

Marcelino de Brito: I think there is. We have excellent conditions. We have excellent technicians, very experienced people in defense materiel.

EXPRESSO: What conditions do you think are necessary for that reorganization?

Marcelino de Brito: The country does not have the money for research nor do we have the possibilities for creating our own makes. What we should do is to coproduce with the large European companies in such a way that our own national industries will be an important part of the reequipment of the Portuguese armed forces. For example, we buy \$160 million worth from the United States under the Lajes Agreement. Some of that materiel should be coproduced nationally. Look at our Spanish friends who buy everything from the Americans but require a certain share for their own industry.

There should also be a company that would coordinate the Portuguese industry. The sales machinery of the factories have a very heavy structure, they do not have the aggressiveness that a private company or one with a private charter could achieve on the international market. The Portuguese factories should join in a private group to form a company in the sense of coordinating exports from Portugal and their technological activities.

EXPRESSO: How could Portugal acquire the necessary know-how?

Marcelino de Brito: By making contracts with foreign companies in a vast spectrum of products. In addition to the varied calibers for artillery, the electronic part should merit great attention. I am not speaking of sophisticated missiles to which we could not provide any but the most insignificant share. But a share would be possible in almost all conventional materiel and that includes antitank missiles, "rockets" and so forth.

EXPRESSO: And to whom would we sell? Is the market not saturated?

Marcelino de Brito: No, the market for defense materiel is fortunately--or unfortunately depending on everyone's point of view--not saturated. We should use the advantage we have of not influencing international politics and with coproduction sell to countries where the factories of origin cannot sell.

EXPRESSO: Sell materiel of American patents to countries of the East?

Marcelino de Brito: No, that would not be allowed. But, for example, nearly 3 years ago there was the proposal to Portuguese firms for the manufacture of the American M-16 rifle. The American factory was willing to give us the African market.

EXPRESSO: Why was that not done?

Marcelino de Brito: It was not done, as far as I know, because the Portuguese Army is waiting for the latest model. It has not yet been decided which caliber is going to be used in the future.

EXPRESSO: Is it not going to be the NATO caliber?

Marcelino de Brito: There was a 7.62 caliber. Then there came the 5.56. Now there is talk of a 4.53, a smaller caliber and another type of bullet. It is already foreseen that the rounds will not be made of brass but of plastic so as to make them cheaper. But if we remain waiting for the latest model, we are never going to get anywhere. It is better to adopt a mistaken decision in good time than a good decision at the wrong time.

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3542/79

## BRIEFS

PAY PROTESTS--Officers and sergeants of the three branches of the armed forces are dissatisfied with the pay increase this year. Anonymous protest pamphlets are circulating in the barracks, and some of them, we found out, have come into the hands of the minister of defense, specifically sent to him by the chief of the General Staff (CEMGFA), Lemos Ferreira, with the knowledge of the military chiefs of the three branches. A recent proposal by Lemos Ferreira asked for a pay adjustment of about 30 percent for the military. However, the government imposed a pay ceiling that did not exceed 11.7 percent in public service pay. One of the anonymous pamphlets to which we had access and Lemos Ferrera sent to the Minister of Defense nearly a month ago, compares military pay with that of the people who clean the Lisbon Chamber, and concludes by saying that the base pay of a Captain is equivalent to that of a job foreman and that of a sergeant is equal to that of a street sweeper. "The officers and Sergeants of the three branches of the armed forces inform their commanders that they will not support such affronts to their dignity much longer," is the warning contained in that pamphlet. There is always someone in military circles who will seek to use this wave of protests to demand, as happened in Italy a few days ago, the creation of a powerful military union. [Text] [Lisbon SEMANARIO in Portuguese 21 Mar 87 p 64] 8908

CSO: 3542/80



## COMMENTS, POLL RESULTS ON U.S. BASES AGREEMENT

Madrid CAMBIO 16 in Spanish 13 Apr 87 p 40

[Article by Ana Vaca de Osma]

[Text] The steadfastness with which both the Spanish and U.S. parties have held to their positions in the fifth round of negotiations on the U.S. bases in Spain has prevented a breakthrough in these negotiations, which have already gone on for 9 months.

Both parties want an agreement, but it is not in sight, and everything seems to suggest that next November will come without any accord being reached. This would mean giving official notice of the termination of the bilateral friendship, defense and cooperation pact.

In the fifth negotiation session between Spain and the United States on the reduction of the U.S. military presence in Spain, held in Washington on 2 and 3 April, the positions did not come closer together, and it became apparent that the efforts made by the U.S. secretary of defense, Caspar Weinberger, and the U.S. ambassador to the United Nations and President Reagan's envoy for special missions, Vernon Walters, during their recent visits to Spain, had been of little use.

No agreement is being reached and presumably--say the Spanish negotiators--there will not be an agreement this year. A third of the Spanish citizens polled attribute the responsibility for this interminable delay to the United States. That country, say 41 percent of the persons interviewed, is prepared to put economic pressure on Spain. And Spain, in any event, does have more to lose: 54 percent of the Spanish people polled believe that if an agreement is not reached with the United States, Spain will be hurt more than its partner across the Atlantic.

These are some of the most significant and newest findings from a recent poll conducted exclusively for CAMBIO 16 by ASEP [Sociological, Economic and Political Analyses, S.A.], based on a sample of 1,200 interviews with persons 18 and over residing in Spain.

The results of this poll agree with the data from an earlier ASEP report CAMBIO 16 published on 9 February 1987. At this time, half of the Spanish people (48 percent) feel that the best solution to the problem is simply for Spain to close the bases, exercising its sovereign rights.

Still, it would be difficult for that to happen, as both Spanish and U.S. official sources agree about "their good intentions" of obtaining an agreement, one "appropriate for friendly countries which are partners and allies."

Next November seems to be the magic date for reaching a Spanish-American agreement, sources close to the negotiations told CAMBIO 16. These sources mentioned the fact that the Madrid government has "little interest" in moving ahead with the talks before the municipal, autonomous, and European parliament elections are held on 10 June.

In both the Moncloa Palace and the Santa Cruz Palace--site of Spain's ministry of foreign affairs--it is believed that the PSOE [Spanish Socialist Workers Party] "would lose points" if any sign of weakness were glimpsed in its negotiating posture with the United States.

The present bilateral agreement with the United States expires in May 1988. According to article 6.2 of this document, the agreement will be automatically extended "for 1-year periods, unless either of the parties notifies the other in writing of its desire not to extend this agreement, at least 6 months prior to the [end of the] initial 5-year agreement." That 6-month deadline is November 1987.

"It is not correct to think that if no agreement has been reached by that date it will be necessary to proceed with the immediate closure of the bases," said a U.S. diplomatic source, pointing out that "in such a case, the negotiations will continue within the framework of the new agreement."

"The United States gets out when its presence is not wanted," Ambassador Walters has said over and over in Spain, but neither Washington nor Madrid wants to reach that extreme.

Nevertheless, the Spanish negotiators maintained their tough and firm stance during the fifth round of the talks which have just ended in Washington.

The biggest bone of contention in these negotiations, which began on 10 July 1986, seems to be the transfer outside of Spanish territory of the 72 F-16 aircraft which make up the Tactical Wing at the Torrejon Base.

Spain considers this point non-negotiable, while the United States has termed it "vital" for the defense of the west that these planes remain in Spain. To date, only their possible transfer to the Moron Base near Seville has been accepted.

The Spanish People and the Bases (in percentages)

1. Most favorable option for Spain's interests
  - a. Close the bases 48 %
  - b. Keep the bases, but with greater compensation 19
  - c. Reduce U.S. presence 13
  - d. Don't know, no answer 19
2. Which country would be responsible if no agreement is reached in the negotiations?
  - a. Spain 16 %
  - b. United States 33
  - c. Both 18
  - d. Don't know, no answer 33
3. Which country would be hurt more if no agreement on the bases is reached?
  - a. Spain 54 %
  - b. United States 12
  - c. Both 5
  - d. Don't know, no answer 29
4. What would the U.S. reaction be if no agreement is reached?
  - a. Close the bases and get out 3 %
  - b. Transfer the bases to Portugal or Morocco 9
  - c. Put economic pressures on the Spanish government 41
  - d. Try to replace the Spanish government with another, more favorable, government 9
  - e. Don't know, no answer 38

Technical Data on Poll

Sample design: 1,200 persons 18 years and older residing in Spain. Random sample stratified in autonomous communities and municipalities, using random route system. Field work: from 9 to 14 March 1987, using personal interviews conducted at home. Poll conducted by ASEF exclusively for CAMBIO 16.

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CSO: 3548/68

## LEADING AIRCRAFT PLANT FACING DIFFICULTIES; FRENCH OFFER

Madrid MERCADO in Spanish 27 Mar 87 pp 12-16

[Article by Jesus Navarres and Casimiro Garcia-Abadillo: "The Future up in the Air"]

[Text] The dismissal of Fernando Carralt as the head of Aeronautical Constructions, Inc. (CASA) by the INI [National Institute of Industry] Administration Council took high officials of the Ministry of Defense by surprise. However, the red light on the critical situation of the company had already come on some months before at the offices of No 8 Plaza del Marques of Salamanca. In December it was already certain that losses would exceed 7 billion pesetas and last summer it was necessary to adopt emergency measures to make up delays in deliveries included in the FACA Program.

Pampered Company

"Under the present circumstances, the company is incapable of knowing with accuracy what it costs to build an airplane." With this sentence, one of the men who best knows the company from within, concluded his evaluation on the problems of CASA.

The INI company performs a strategic role for Spanish industry, not only because of its function in military industry, but also because of its capacity for assimilating know-how, which to many makes of it the leading company in high technology programs.

It cannot be said that efforts have been spared to achieve this. In the past 3 years CASA spending has exceeded 14 billion pesetas and it has also received as compensations for cost overruns (compensation for extra charges in the manufacture in Spain of parts for aircraft included in the FACA Program) almost 3 billion pesetas in the last 2 years.

No one denies that Aeronautical Constructions has worked hard in the assimilation of new technologies. However, one thing on which everyone agrees is that as a company CASA has been a genuine disaster. Despite having an almost "inviolable" domestic market, it does not meet delivery obligations. With sales of 46.38 billion pesetas in 1986, CASA lost 8.6 billion pesetas. The debts of the company total 66 billion pesetas and its own funds have been reduced to 2.4 billion pesetas.

To reach a figure similar to that of last year in its own funds, CASA would have to carry out an expansion of capital of some 10 billion pesetas. Everything appears to indicate that the foreign partners of the company (Northrop Corporation, with 13.2 percent, Messerschmidt Bolkow Blohm, with 11.09 and the small shares of Avions Marcel Dassault and Henry Jacques Kuylen, which do not reach 2 percent) are going to create difficulties in accepting the new request for sacrifices.

Although the exact amount that the INI as majority stockholder will request from the rest of its partners for a new expansion has not yet been established, Javier Alvarez Vara, the president of CASA for a little more than 2 months, knows very clearly that this is the only solution. He is not only going to want his travelling companions to stay on to the end, but he is thinking of increasing their numbers also. "In CASA, as well as in INI itself, we are open to the entry of new partners," declares Alvarez Vara.

#### The Reasons for the Disaster

In an internal company document made available to the unions some days ago, the origins of the poor situation of the company are acknowledged to be the decline of the value of the dollar (which has had a negative effect for CASA of 3.5 billion pesetas in 1986); decline in sales in small contracts, and difficulties in deliveries; the increase of labor costs (which have increased almost 40 percent in the last 3 years, and low competitiveness.

Together with these factors are included others that have to do with the behavior of the workers: Lack of discipline, passive attitude toward worker turnover and indifference and "occasional resistance" to measures aimed at improving work organization and efficiency.

Obviously, these problems are as real as they are evident and Javier Alvarez Vara is going to have to make a great effort to convince the unions (the CCOO [Workers Commissions] is the largest organization) that wage moderation is in order and there must be a greater commitment to the operation of the company.

The situation is of such scope that the aforementioned document goes as far as to say that "recording of the time spent in the performance of work and delivery of that information is vital for improvement of control." One of the greatest problems, says a source close to the company, in establishing CASA cost overruns is precisely that of "knowing exactly the time used in the performance of each task, which is very incomprehensible for our North American partners."

However, since trouble never comes alone, to that internal disorder already mentioned must be added bad luck. Last year CASA lost 1.7 billion pesetas in the sale of 5 CN-212 aircraft to U.S. companies Jet Express and Trans Air because those companies went bankrupt and could not make their payments.



## Organization

The most serious internal problem is the lack of planning in production and quality control. This has caused delays in deliveries of materials that CASA has promised for Navy aircraft--the Northrop and McDonnell units--and also because of the return of defective parts. Losses because of this poor production have been close to a billion pesetas in 1986, in addition to the discredit of the company.

For the time being, this has not had any effect on the amount of losses, however, the glass is about "to overflow." There have been improvements in quality control. At this moment the situation is under control although delays continue without improvement.

The North Americans have offered the possibility for CASA to enter into other programs, such as the tail housings of the F-18A, the central pylons and the engine wiring, but for the time being, CASA cannot assume those new contracts. With the programs that it has in progress at this time it is saturated. The replacement of Fernando de Caralt by Javier Alvarez Vara, who knows the problem perfectly well, is an attempt to give a fast turn to the results that have buried in the dark the atypical 1,639,000,000 pesetas in profits obtained in 1985. The productive area will undergo the greatest readjustments by the new president. The sales company in the United States will remain but its structure will be reduced: "Our sales apparatus has functioned well. It has been the industrial apparatus that has not been able to fill orders in time."

At the same time that management acknowledges productive incompetence, it also accepts that one of its most accepted products worldwide, the CN-212 transport, has become obsolete in the market. Experts even add that it arrived on the market too late.

But the shadow that approaches the factory at Getafe and the main offices in Madrid with accelerated steps is the lack of size of the company for emerging in good shape from the commitments acquired. The Airbus project alone, in which CASA has a 4.2-percent share, means 22 percent of its sales for the Spanish company and it has absorbed almost all the human resources of the company.

Those in charge of the projects "fear" that the plans schedule will be fulfilled: "If the EFA--there is a 13 percent share in the plan for the construction of 800 aircraft--is not delayed, we shall not have enough engineers."

The national AX Project, which at this time is being developed by 14 designers of the CASA General Project Group, is up in the air. The 200 million pesetas invested up to now in the technological feasibility plan, depend in turn on the progress of the EFA.

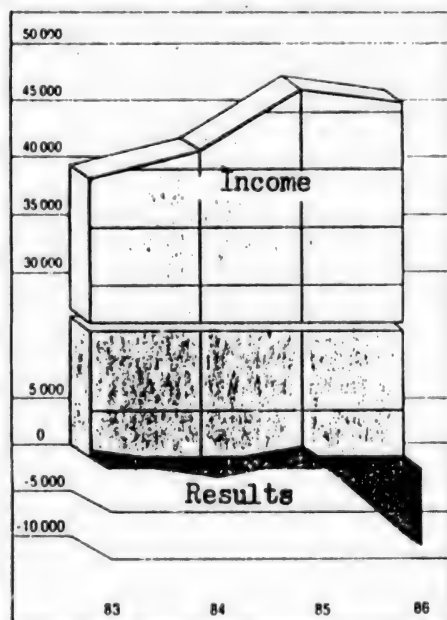
To these CASA activities must be added the compensations of the FACA program; the sales "promotion" of the CN-235 military transport; the work for the upcoming developments of the Airbus and the collaboration with the European Space Agency and the Arianespace Consortium. It was already impossible to take care of all this without an industrial "shortcircuit." Now, with the reduction to less than 3 billion pesetas of own resources because of losses, an emergency infusion of capital is required: "The by-laws will not be changed but I need an increase in capital." This is the cry for help from Javier Alvarez Vara.

The Slogan is "Produce"

"Our challenge should not be to produce with quality better than anyone, rather it should be produce at lower costs with adequate quality." In Toulouse during the presentation of the A-320 Airbus, Javier Alvarez Vara said it clearly. He had just finished "landing" at CASA.

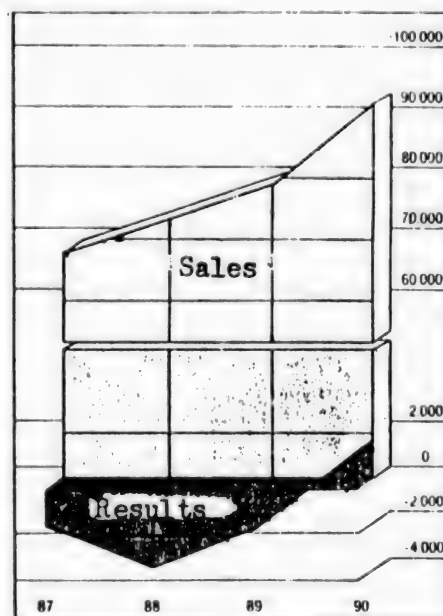
Now, the present executive wants to settle matters quickly--while a partner with the suitable capital is found--and put everything into production. For the time being, the military and civilian divisions have been merged. There will be no duplication of tasks: "Our aeronautical future is the "utility" market, the construction of a sturdy, durable and reliable airplane like an all terrain vehicle. That is why a rear cargo door for the CN-235 was selected. It is the "jeep" among airplanes. The bad thing is that developing countries are "stealing" our markets: Brazil, Korea, Singapore and Israel have thought the same thing. Specialization is also a race.

To go into a nose dive...



Figures in millions of pesetas.  
Source: CASA

...and recover



Future dollar at 129 pesetas  
Figures in millions of pesetas.

### Immediate Decisions

According to experts of the sector, the immediate problems to be resolved by Alvarez Vara are: Reduction of the internal bureaucracy of the company--too many bosses--and the creation of a new organizational chart with four areas: Production, development, sales and finances.

The search for a technological partner for the Spanish tactical fighter project, the AX, is also necessary. Betting is that Northrop or McDonnell will win because of their present relationships with CASA and because of their world technological position--these two companies participate in the future North American aircraft, the ATF--but in the INI and in CASA they do not want any desertions.

Of the European aeronautical manufacturers, British Aerospace and Marcel Dassault are the principal candidates. However, the selection in this case is described by the experts as political (we must not forget that Spain is a member of the EEC).

Another important step will be the development of the auxiliary industry. MASA, whose majority stockholders are Dunabeitia and Estancona, in addition to providing structural precision machined parts for CASA, has grown enough to seek a greater industrial space. Its investments in Computer Assisted Designs are very successful in the Basque Country. However, its growth also depends on CASA.

Its success is not only good for the country," declares Javier Alvarez Vara, "but it is necessary for designing the new dimension of CASA, providing we do not have idle capacity in our own factories."

A timid reduction in personnel is scheduled. However, the moment does not appear suitable for "fighting." Now the agreement is being negotiated.

[Box, p 16]

### Market on the Defensive

If you count the plans for the C-101; the CN-212 civilian and military transport; the military CN-235 and the future EFA and AX, plus the activities accomplished through the program of compensations of FACA and the various contracts with the Navy for the maintenance of its aircraft, the weight of military activity of CASA is overwhelming. And future projections --EFA and AX--does nothing but confirm this.

The difficulties being faced by Spain in exporting armament, of course, also affect CASA. Competition by developing countries--direct competitors in conventional weapons with an average markup--and difficulty in financing the sales by the Spanish side are the main problems.

## "Friction" with the Big Ones

CASA, like its European colleagues, collides with U.S. interests, who up until a few years ago were the lords and masters of civilian and military aviation.

The differences with the other side of the Atlantic on the electronics incorporated into the aircraft, as well as in design and new materials of the frame and mechanical parts of the aircraft, have been overcome. However, in engines both General Electric and Pratt and Whitney continue to dominate widely. Despite efforts by Rolls Royce in the United Kingdom, there are still patents that are untouchable and unsurpassed in the possession of their creators in the United States.

In the specific case that affects the Spanish aeronautical industry, the situation is more critical. Only now, by means of exchanges of technology in the Airbus project, FACA or the EFA, is the Spanish company, Sener, trying hard to develop its capabilities so as to be able to overcome the present pattern of needs--future manufacture of AX engine components--and create a factory in Bilbao so as to be even able to install them.

Inisel, Ceselsa, the explosives division of ERT [Union Explosivos Rio Tinto, S.A.] and a small swarm of companies depending on the Defense market, are making R & D efforts in which Spain is a "novice." Progress has been good but the Spanish endeavor is still far from the European average. For example, within two of the present "mythical" technologies: Electronics and data processing, at a time that Europe is devoting 10 percent of its expenditures to them, in Spain we are spending 4 percent on R & D as an average.

After all, after weighing the markets, the competition and the available resources of the country, the decisions are political. A political decision will be whether we participate in the Airbus or go into the project of McDonnell Douglas; political shall be the decision to participate in the European EFA or in the French Rafale Project; political shall be the decision to continue with the national AX Project or to pigeonhole it in view of the huge requirements for capitalization of the aeronautics industry, and political will also be the option to give a greater technological and capital share to the next foreign partner of CASA or for the INI to directly assume the costs.

Experts in the Spanish arms exporting sectors have followed our decline in exports beginning with 1982. At that time exports amounted to 122 billion pesetas. In 1986, according to the Ministry of Defense, we have only reached 58 billion. Our small "variety" of products and lack of sophistication are the limiting factors.

[Rox, p 15]

#### The French Offer

Aeronautics manufacturers from Germany, the United Kingdom, Italy and Spain are sharing in the European fighter of the 90's. The project has been underway and in planning for 3 years and it will mobilize European military industry in direct competition with the present lords and masters of aeronautical markets, the United States of America. However, France eliminated itself from the project, alleging discrepancies with its own military needs and with the services designed by the European consortium.

Now, after having crossed the critical phase of the first definitions of any project, Avions Marcel Dassault has placed its offer on the table of the Spanish Administration. An excellent idea on a large scale: All the technological exchange that CASA can assimilate if Spain will produce its Rafale fighter jointly.

It would be necessary to negotiate the degrees of commitment and exchange, but the offer has been made. CASA has already committed itself firmly to the EFA Project (which has mobilized almost 1.5 billion pesetas in Spain), and the AX Project, the national tactical fighter, is considered a strategic step by both the government and the military commands. This native project, in addition to being necessary for crystallizing technological developments, shall be the first real step for obtaining part of the desired independence from foreign suppliers.

Nearly 200 million pesetas have already been spent on the first phase of the AX Project. The subdirector general for advanced studies of CASA has evaluated the alternatives for a maximum and minimum fighter. The definition of the program by the air force is awaited. Except for a political decision at the last moment in favor of the Rafale, in a direct collision with the EFA, betting is that the French offer will lose. The projects underway will be continued. The difficulty will be, if the option for the EFA and AX is made, the ability to assimilate the technology of the European aircraft and incorporating it into the national tactical fighter.

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CSO: 3548/65



## TWO VIEWS OF PAYMENT IN LIEU OF MILITARY SERVICE

## Commentary Opposes Change

Istanbul HURRIYET in Turkish 6 Feb 87 p 17

[Article by Coskun Kirca in column "In Politics: "Equality in Payment in Lieu of Military Service"]

[Text] The government is preparing a legislative proposal to make possible payment in lieu of military service. According to the bill, those who wish to do so, provided they do not exceed the number of personnel needed, which will be determined every year by the Chief of the General Staff, may be considered as having fulfilled their patriotic duty by paying a fee in lieu of military service instead of performing civilian public service.

In our case, the number of males reaching military age each year exceeds the need of the Armed Forces by as many as 200,000-250,000. If useful jobs in the civil services cannot be found for all of these men, what sort of procedure should be followed in the case of those who cannot be put to work either in the military or in civil service?

Those in favor of the idea of paying a fee in lieu of military service say: Let's try to eliminate this excess by counting those who pay the fee as having fulfilled their patriotic duty!

The 1982 Constitution also mentions that one's patriotic duty can be fulfilled by civilian public service, and at the same time makes it possible for the conditions for counting this as fulfilling one's duty to be established by a law. This was also mentioned in the 1971 amended version of the 1961 Constitution.

Those in favor of the idea of paying a fee in lieu of military service would like to make use of this provision of the new constitution.

Let us make note that the new constitution allow the possibility of the fee in lieu of military service. Even though this possibility exists, the first question that comes to mind is whether or not the fee in lieu of military service will affect the strength of our Armed Forces in a negative way.

If one takes into account the fact that wealthy people possess greater possibilities for more advanced education than do those who are not wealthy, undoubtedly those who will obtain exemption from military service by paying a fee will in most cases be the young man who has a higher education.

In this case, an undesirable decline in the technical level of our Armed Forces may occur.

However, if the Chief of the General Staff can each year determine the number of young men needed by the Armed Forces not only in a general way, but for every occupational specialty, and can select the people to be taken into the military in these quotas according to objective criteria as regards military qualifications, it is possible that no drawbacks may arise regarding our defensive strength in itself by considering a portion of those not being taken into the military as having fulfilled their military duty by paying a fee.

But the same concern is valid for the surplus of those who spend their patriotic service in the civilian public sector in branches such as teaching and medicine.

These yearly quotas should also be determined by the appropriate ministries, with the stipulation that they belong first of all to the Armed Forces, and it should likewise be determined within these quotas who should be taken for civilian public service.

Should it be possible for those who are not taken into the military of civilian public service to be considered as having fulfilled their patriotic duty by paying a fee?

...If it were up to us, no. Besides, this is not the issue of the day. Our problem is whether it is right that anyone who wants to can be exempted from both military service and civilian public service by paying a fee.

The above analysis does not allow this possibility, because the concept of patriotic duty requires that the choice between fulfilling this duty and being considered as having fulfilled this duty be made not by the individual himself, but rather by the state in the name of society. To think otherwise goes contrary to the social character of the republic. In such a case, the rich man can be exempt from performing his patriotic duty; as for the poor man, he cannot be exempt.

However, the requirement of performing one's patriotic duty is the most effective institution of the republic for reminding citizens that they are all equal.

After the state selects each year, as we have mentioned, from among the young men needed to be taken into the military, it should require a fee

of those who were called neither to the military nor to civilian public service; a special fee should be imposed. If need be, this fee should be made in installments, even excusing those in need from this obligation.

Only a system such as this can be in accord with the new constitution.

The republic cannot adopt the idea that the rich can exempt themselves from their patriotic duty. Let us not tear down yet another one of the republic's most valuable traditions.

#### Birand Urges Professional Army

Istanbul MILLIYET in Turkish 6 Feb 87 p 9

[Article by M. Ali Birand in column "Corner": "Excess in Military Cannot Be Solved This Way"]

[Text] One issue concerning the Turkish army which has been gradually increasing in importance for years has finally begun to strain the doors of the barracks to such an extent that some action must be taken: surplus soldiers.

The number of people applying to the Turkish army, which consists of 700,000 people, in order to fulfill their "patriotic duty" as soon as possible, has increased parallel to the increase in our population. If no action is taken, in the future the excess in military personnel may rise to as high as 800,000 people.

And the sole reason for this is our laws. They dictate that every Turkish citizen reaching a certain age must fulfill his patriotic duty. However, while seeking ways not to increase the personnel in the Turkish army, which is already swollen in terms of numbers, but rather to decrease it, another legislative proposal has been prepared to "absorb the surplus". Although there are some useful aspects, the basic principle of the bill has some drawbacks; because, instead of getting to the bottom of the issue and finding a solution, palliative measures are brought in, and the essence of "doing military service" begins to disintegrate in a dangerous manner.

How could it be otherwise?

By saying to a certain group of young men (even if they are chosen by lots), "You are those in excess of need, you can do 4 months and go," they will gain a great advantage. As for the others, they will be made to serve the entire term of military service, as though "punished". At least, a young man could consider himself "punished" when he sees that he was not able to benefit from this advantage.

Above all, taking money in return for shortening the term of military service will create a distinction between the poor person and those who have money. Perhaps for some of us 2-5 million may not seem too expensive, but in our nation the people who have never in their lives seen this much money at one time are in the majority.

This system, just as it will not solve the problem, also undermines the foundation of the belief we have always tried to instill in our young people, that "military service is one's debt to one's country." Military service will begin to be seen as an impediment, a stage one should try to find some way to avoid; the inequalities that will arise will lead us in this direction.

The principal, most important elements for an army--elements such as fire power, action capability, and coordination--are always negatively affected by overcrowding. Overcrowded armies are risky. And that goes for us...

The quality of training will definitely decline because the number of officers, already inadequate today, will not increase.

Finally, in the years to come, this great burden will gradually become more of a strain for Turkey, and a day will come when it will be unbearable.

And so now, as one begins to think of the long term implications for these reasons, one wonders whether the time is not approaching for us to proceed towards a well-trained, professional army with increased fire power, but reduced numbers.

For example, America has solved the problem this way:

By becoming professional, they have turned military service into an occupation. They have determined the number of personnel needed for their own goals, and those who want to join are taken into the ranks as if being hired in business or as a civil servant.

This professional cadre is trained continuously and forms an extremely strong and knowledgeable nucleus. The rest undergo specific periods of training and continue in their civilian lives as reserve forces. When the need arises, these reserve troops are rapidly incorporated into the army. Moreover, the reserves (as is the case in some other countries as well) after a certain period of time are shown new weapons and informed of developments by means of courses one or two weeks long. In this way they do not remain completely isolated from developments in the military field.

Of course, the needs of every country are different. Conditions in Turkey are not the same as those in America or Western Europe. We, too, can find solutions suitable to our own needs and conditions. We can create a professional army not excessively swollen, with high fire power, capable of utilizing the most up-to-date, technologically advanced weapons.

If the law being prepared was written to be temporary with the aim of easing the situation until long-term approaches are introduced, there is no problem. But if we keep saying, "That's true, this is a very important issue" and forget about it the next day, we are wasting time. The money gained in lieu of military service will not ease the budget anyway.



## PETROGAL OIL PURCHASE POLICIES LEAD TO LARGE LOSSES

Lisbon SEMANARIO in Portuguese 28 Mar 87 p 22

[Text] According to figures revealed by technical personnel of the company, PETROGAL should show a loss of nearly 30 million contos for the 1986 year, which is a substantial 15 percent of the total invoiced by the company last year.

According to a company source, the large loss by PETROGAL in 1986 is basically the result of the crude petroleum purchasing policy, which has not managed throughout these last years, to optimize the purchases of crude on the international markets.

During 1986, PETROGAL purchased crude oil at \$15.80 per barrel (average prices) while Spain, Italy and the United States, for example, purchased the barrel of crude at \$14.20, \$14.16 and \$15.40, respectively.

Because of the fact that PETROGAL bought the barrel of crude that was more expensive by nearly a dollar than most of the countries of the OECD, it cost the company an increase in costs of nearly 18 million contos, according to the same source.

The PETROGAL crude oil purchasing policy has important consequences with respect to the Balance of Current Accounts, as well as with respect to the policy of prices put into practice by the industrial sector generally.

PETROGAL being the largest importing company of our country, with nearly 200 million contos (approximately 20 percent of the total of imports made by Portugal), the fact that it buys crude oil on the international markets at a higher or lower price has important effects on the negative or positive evolution of the Current Accounts Balance.

On the other hand, by buying more expensive crude oil, PETROGAL has a negative influence on the price policy put into effect by Portuguese industry because the burden of the costs in energy in Portuguese companies is increased.



However, to economic circles the Portuguese petroleum company has had a crude oil purchase policy that is not very clear, with the purchase prices per barrel of crude known only by the administrative council.

According to one source of PETROGAL, the intention of the government to cease granting PETROGAL a refining subsidy will cause the accounts of the activities of the company to cease showing "cosmetic operations," and the company will have a more open handling with respect to the purchase of crude oil.

Meanwhile, the balances and accounts of PETROGAL for exploration during the past 3 years are waiting for the approval of the government, to which the fact that the president of the company, Pires de Miranda, is the present minister of foreign affairs is not unknown.

In the meantime, the present administration of PETROGAL hired the U.S. company, McKinsey, to prepare a reorganization study for the company. That American company, in a meeting it had with technical personnel of PETROGAL, declared that the operation of the Sines refinery had been negatively affected by the unsuitable crude oil purchase policy of the Portuguese petroleum company.

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CSO: 3542/80

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**DATE FILMED**

20 July 1987